

FCCB, c/o M.R. Friedberg
30799 Pinetree Road, Suite # 203
Pepper Pike, OH 44124

FRACTIONAL CURRENCY COLLECTOR'S BOARD

May 1993 Newsletter

The Memphis Coin Show takes place June 17-20, 1993 at the Convention Center, Memphis Tennessee. The FCCB's Annual meeting is scheduled for Saturday June 19, 1993 at a time and place to be specified by the Memphis Coin Show Arrangements Committee. The meeting will be listed in the show directory. The principal subject of discussion at the meeting will be The "Simplified Edition" of the "Encyclopedia of Fractional and Postal Currency". Mike Marchioni, Benny Bolin and I will act as a panel to help me in gathering your thoughts in polishing up the final effort.

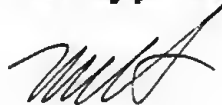
It is also time to present a new slate of Officers for the FCCB as it is my intention to resign as Vice President and Editor/Publisher of the "Newsletter" effective the 20th of June, 1993. Since the FCCB does not have a formal nominating committee, the positions will be unoccupied unless someone volunteers or the membership nominates a replacement...

As you were notified in the last issue of the Newsletter, 1993 dues have not been received from some of our members. Treasurer Lee advises that those members are John Wilson, Nancy Wilson, Martin Delger, Ossie, Len Glazer, Jean Glazer, Paul Kagin, Ralph Muller, Gerry Darr, George Martens, Maureen Mullaney, George Donas, Larry Falater, David Harper, Milton Henderson, Dr. Paul Fulton, M. Moline, Eric Moore, Kenny Eugler and Dawn Eisenman. Since our Treasurer Dr. Wallace Lee will not be attending the Convention, you are once again requested to use the envelope supplied with the last "Newsletter" and mail your \$10 check to Dr. Lee at Suite 210 Summit Place, Waterford, MI 48328.

I have attached a series of recent copies of clippings applying to our hobby.

In addition you will find some reruns of attachments to our earlier "Newsletter's". They are repeated for the benefit of our newer members who didn't have the opportunity to add them to their libraries.

I have enjoyed working with most of you over the past ten years and hope that we remain friends in the hobby.



M.R. Friedberg.

Bureau of Engraving & Printing welcomes researchers

By Ken Lawrence

Philatelic researchers have a friend in Cecelia Hatfield, curator of the Historical Resource Center at the Bureau of Engraving and Printing.

Although BEP staffers have always been helpful to scholarly researchers, as they were when I needed their assistance while I was writing *Linn's Plate Number Coil Handbook* several years ago, they never before reached out to researchers and invited them in.

To younger, less experienced collectors, it seemed as though only well-connected insiders could gain access to important historical information on United States stamps, such as preliminary designs, die essays, die proofs and plate proofs.

Today, no one should feel excluded. Cecelia Hatfield even prepared a presentation to show specialists the kinds of materials that are filed away in the BEP archive.

When the Bureau Issues Association, the principal affinity group for collectors of 20th-century U.S. stamps, held its annual meeting at the Florex stamp show in Orlando in October 1992, Hatfield was there.

She showed slides of her office and selected materials from the archival files, so collectors who might wish to visit would know what to expect.

Illustrated with this article

know it.

Other paperwork in the file reveals that nine designs were prepared, but seven were not considered and are filed as "Stamp Material Not Used."

Another document lists all the transfer rolls made from the approved die, the plates manufactured from each transfer roll and the siderographer responsible for each. Also described is the change from wet to dry printing, which actually reflected a move from the old Stickney rotary press to the then-new Cottrell press.

Hatfield stresses that it is important for researchers to



Postmaster General Arthur E. Summerfield rejected the design for the 1/2-cent Benjamin Franklin stamp that showed just Franklin's last name (pictured on the left), then approved the redrawn version with Franklin's first and last name (pictured on the right). These are copies of original art and die proofs in the Historical Resource Center at the Bureau of Engraving and Printing in Washington, D.C.

are some materials Hatfield located for me during my last trip to Washington, D.C. I have been researching several stamps, but particularly the 1/2-cent Benjamin Franklin stamp in the Liberty series, issued in 1955.

As these items show, the original approved design and the first die created from that design had Franklin's last name only. A proof was pulled and sent to Postmaster General Arthur E. Summerfield July 29, 1955, but he rejected it.

Next, a redrawn version was prepared, adding Franklin's first name. That design was approved by the postmaster general Aug. 23, and it became the stamp as we

know exactly what they want. Otherwise, the sheer quantity of material will overwhelm them. Each research project should be focused as specifically as possible.

(My own desire for comprehensive information on just four stamps of the 1950s was too much for one day's research.)

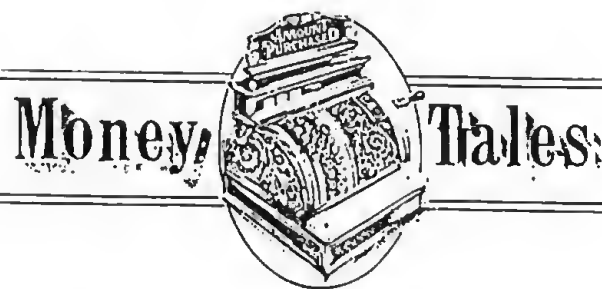
Hatfield's warm hospitality doesn't mean there's open house at the Bureau. This is still a high security facility of times. ■

the U.S. Treasury Department.

Each visit is by appointment, and permission must be secured well in advance, from Norma Opgand, recently appointed as chief of BEP's Office of Public Affairs (*Linn's*, Nov. 30, 1992, page 2).

Visitors to the BEP must wear badges, must pass several security checks and must be accompanied by an authorized BEP employee at all times. ■

Paper Money Whole No. 164



MARK TWAIN'S JOKE

Washington, D.C., Oct. 21.—The following letter was received at the treasury department this morning:

"New York City, Oct. 3.

"The Honorable the Secretary of the Treasury, Washington, D.C.

"Sir: Prices for the customary kinds of winter fuel having reached the altitude which puts them out of reach of literary persons in straightened circumstances, I desire to place with you the following order:

"Forty-five tons best dry old government bonds, suitable for furnace, gold 7 per cents, 1864, preferred.

"Twelve tons early greenbacks, range size, suitable for cooking.

"Eight barrels seasoned 25 and 50 cent postal currency, vintage 1866, eligible for kindlings.

"Please deliver with all convenient dispatch at my home in Riverdale at lowest rates for spot cash and send bill to

"Your obliged servant,
"MARK TWAIN,

"Who will be very grateful and will vote right."

—Daily Republican and Leader, La Crosse, Wis., Oct. 21, 1902.

Collecting paper money focus of video

Various factors attract collectors to U.S. paper money

History, art and the engraver's skill displayed on U.S. paper money are the focus of a recently released videotape encouraging collectors to consider this highly collectible area.

The video focuses on interviews with paper money specialists and examples of the items they enjoy most.

Paper money dealer Oswald Vernon, of Allentown, Pa., characterizes the hobby as an inexpensive way to be able to enjoy specific moments in American history. He said pride of ownership is one of the many things that spur collectors to search for just the right addition to their collection.

Colonial paper money specialist Dana Linett, of Early American Numismatics, shows examples of the earliest of American paper money including some printed by Benjamin Franklin which incorporated Franklin's own nature printing process. Though Paul Revere might be best known for his ride or his silver work, Linett said Revere is also known for engraving copper plates and printing a 26 shilling note in 1775. He said collecting Colonial notes might appeal to collectors who have an interest in America's early history or for those who live in states that were one of the original 13 colonies.

Tom Denly, of Denly's of Boston, a specialist in large size notes issued in the late 1800s through early 1900s, said there are a variety of notes from that era because the United States didn't begin to issue its own currency until 1861. Up until that time, private banks in towns across America issued their own currency. A collector could focus on a collection representative of his hometown or the beauty of the engravings, for example.

Electricity shocking

Denly shows an example of a \$5 silver certificate from the 1896 Educational Series featuring allegorical figures depicting "Electricity Presenting Light to the World." He said the partially nude figures sparked a national uproar and a call to remove the offensive notes. He said the controversy started when the wives of two prominent Boston bankers — Mrs. Cabot and Mrs. Forbes — told their



ELECTRICITY IS depicted as a partially nude woman in this engraving on \$5 silver certificate from the 1896 Educational Series. The depiction shocked matrons in Boston.

husbands they were not to accept the notes. Denly said that's where the phrase "Banned in Boston" comes from.

If your interest is fired up by the people and places of the Civil War, you might consider collecting paper money issued by the Confederate States of America, according to Hugh Shull from Leesville, S.C., a specialist in paper money issued by the CSA.

Shull shows a very rare series of notes called Montgomery notes. He said they were issued in denominations of \$50, \$100, \$500 and \$1,000 to finance the war efforts but very few made it into circulation. He said the notes were the only ones printed for the CSA by the American Bank Note Co.

He also shows what he described as the key to the entire series of Confederate notes — an 1861 \$5 Richmond, Va. note featuring an Indian princess. The 1864 \$500 is another popular note — sometimes called the Stonewall Jackson 500 — because it features a portrait of the well-known leader and it is the only note to depict the Confederate flag. He said the majority of Confederate notes were not redeemed — there are 70 basic types of



SPENCER CLARK'S portrait on a piece of fractional currency prompted Congress to pass a law forbidding the portrait of any living person to appear on United States currency.

notes issued — but kept as souvenirs and passed down through the generations.

If small notes are more to your liking, consider collecting fractional currency which provides a link to another important time in American history. Fractional currency expert Len Glazer, of Fractional Currency Inc., explains that the fractional currency was in response to a coin shortage in commerce. He said the government began issuing the fractionals in the 1870s and many bear interesting portraits including that of Spencer Clark.

Glazer said Clark, as head of the National Currency

Please see VIDEO Page 18

VIDEO from Page 12

Bureau (forerunner of the Bureau of Engraving and Printing), decided his portrait might look good on a piece of fractional currency and authorized the portrait, the engraving and printing of such a note. Unfortunately for Clark, he is remembered as the individual that caused Congress to pass a law forbidding the portrait of any living person to appear on United States currency.

Error specialist

Error paper money specialist Harry Jones, of Cleveland, Ohio, said he sees a growing interest in the area of error note collecting. He said when he started dealing in error notes years ago there were only a few collectors, now he estimates there may be several hundred collectors. He shows examples of error notes including printing and folding errors and his admitted favorite — double denomination notes. Those notes bear one denomination on the face and another denomination on the back.

All the paper money experts interviewed echoed Oswald's observations that paper money is a fun, inexpensive collectible that can be enjoyed in a variety of ways. In addition to the interviews, the video provides an overview of how to start a collection of paper money, advising viewers to buy a book on the specialty they're interested in; subscribe to a hobby publication; join a club and attend shows featuring their specialties.

The 37-minute video, produced for the American Numismatic Association by David Lisot of Media Resource Corporation, is available for \$29.95. To order or obtain more information about this or other ANA educational videos, contact the ANA MoneyMarket, 818 N. Cascade Ave., Colorado Springs, Colo. 80903-3279 or call (719) 632-2646.

in war between states

Paper money use flourishes during Civil War hardships

As the armies of the North and South marched across the divided nation from 1861-65, wages and prices rose and fell in their wakes.

At the start of the Civil War, gold and silver coins and privately issued paper money fully redeemable in gold and silver circulated throughout the North and the South. Metal all but disappeared from circulation with the first shots of the war. Government-issued paper moneys circulated in the United States and the Confederacy.

On the gold markets, neither Northern nor Southern paper money would bring full value in specie. Many legislators on both sides of the Mason-Dixon Line considered currency speculation treasonable, but could not convince their fellow lawmakers to go along with them.

In the North, the money in circulation consisted of shillings — small bills in denominations of less than \$1 — demand notes, United States notes and compound interest Treasury notes. Fractional currency was issued in denominations ranging from 3 cents to 50 cents. These bills circulated during and after the Civil War and were gradually replaced by coins.

Demand notes and United States notes were authorized early in the war and circulated at face value. Compound interest Treasury notes were placed in circulation in 1863 and 1864 and bore interest at the rate of 6 percent a year, compounded semi-annually. A \$10 note was worth \$10.30 after six months.

These notes bear a wide variety of portraits of living and dead men. The first \$1 legal tender note, authorized in 1862 and later renamed as United States note, had a picture of Salmon P. Chase on the face, Abraham Lincoln's Secretary of the Treasury.

Census Bureau figures quoted in Wesley C. Mitchell's *A History of the Greenback* show that in 1862 that picture of Chase was a day's wages for a laborer in the North. By the end of the war, that same laborer was paid \$1.78 a day. That would be a picture of Chase on the \$1 note, a picture of F.E. Spinner, the Treasurer of the United States, on a 50-cent note, and George Washington on both the 25-cent and 3-cent notes.

Skilled craftsmen made about double a laborer's salary. In 1860, blacksmiths made \$1.81 a day in the North, masons made \$1.98 a day, stonecutters made an even \$2 a day and female spinners in the textile trade made 51 cents a day.

By the end of the war, blacksmiths were making \$2.88 a day, masons were making \$2.91 a day, stonecutters were making \$3.18



Coin lore

By Gerald Tebben

day and female spinners were making 76 cents a day.

At the start of the war, Army privates were paid \$11 a month. That figure increased to \$16 a month by the end of the war. While the increase was nearly 50 percent, it was not enough to keep pace with the rapidly escalating costs of goods. In 1860, Cincinnati boarding houses charged \$1.75 a week for men and \$1.50 a week for women. By 1865, boarding houses were charging \$4 a week for men and \$3.50 a week for women. Six-room houses rented for \$8 a month in Cincinnati in 1860 and \$25 a month in 1865.

In Zanesville, Ohio, anthracite coal cost \$3 a ton in 1860, but only \$5.01 a ton in 1865. Wood, also used as fuel, cost \$1.50 a cord in 1860 and \$3 a cord in 1865. Coffee cost 8 cents a pound in Cedar Rapids, Iowa, in 1860. At the end of the war, that coffee cost 35 cents a pound. Sugar also cost 8 cents a pound in Cedar Rapids before the war, but increased to only 12 cents a pound in 1865.

Beans ran a dime a quart in Lawrenceburg, Ind., grocery stores in 1860 and remained at that price throughout the war. In Boston, though, dry beans rose from 6 cents a quart in 1860 to 8.5 cents in 1865. Corned beef cost 8 cents a pound in Camden, N.J., in 1860, 10 cents a pound in 1863 and 18 cents a pound in 1865.

Rump beef steaks ran 12 cents a pound in Camden in 1860 and rose to 30 cents a pound in 1865. A barrel of wheat flour ran \$8.50 in Jewett City, Conn., at the start of the war, but increased to only \$11.48 in 1865. In Philadelphia, though, that same barrel started the war at \$8 and ended it at \$16.

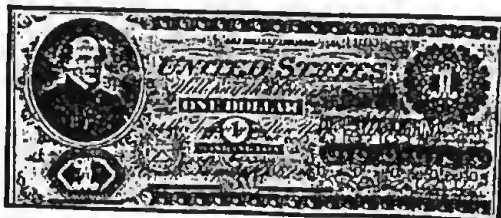
The first issues of federal paper money were redeemable in gold and silver. Until war forced an end to this practice, paper money traded at par with gold. The value of paper money in gold changed daily, occasionally dipping into the mid-1930s.

At the end of the war, \$100 in paper currency was worth about \$68 in gold. Copper, silver and gold coins gradually crept back into circulation, but it took almost 15 years for Northern paper money to reach parity with gold.

Southern paper money lost all value on the day the war ended.

Gerald Tebben is an editor for the "Columbus (Ohio) Dispatch."

SALMON P. Chase appears on the first \$1 legal tender notes, Series 1862.



From the BEP News: Intaglio
"Spider" Hand Press
Used in the original printing of U.S. Currency

(Editor's note: pronounced In-Tal-E-O)

The Intaglio Hand Press consists essentially of a moveable plank or bed between two steel drums. An engraved plate is placed on the bed and inked with a hand roller. The plate surface is carefully wiped off leaving ink in the engraved lines. A paper is placed on the plate and impressed with the engraved design being drawn between the drums.

This explanation in no way conveys the extreme physical effort and skill needed to operate a hand press. the printer had to learn from experience how much ink to place on the plate, how much ink to rub off the plate, and how much pressure to exert on the plate using the long radial handles called a "spider"

The engraved plate had to be heated on a small stove and the printer had to vigorously roll the ink onto the plate with a leather or rubber roller. The heat and rolling action caused the ink to penetrate the lines of the engraving. Next the surplus ink lying on the surface of the plate had to be removed by a brisk rubbing with a piece of starched muslin. In order to clean the plate perfectly, the printer then had to polish it with the palms of his hands. This polishing required skill and judgement, for every trace of ink had to be removed from the surface of the plate without disturbing the ink that lay in the engraved lines. The printer then transferred the plate to the bed of the press, and his assistant laid a dampened sheet of paper on the plate. Grasping the spokes of the "spider" in a hand over action, the printer forced the bed and plate between the rollers. His assistant removed the sheet and set it aside.

In the year 1876, James Milligan was granted U.S. Patent 180,490 for an "improvement in plate printing presses." Milligan's press incorporated the basic principles of the hand press but used steam for power and for continuous movement of the plates. His

invention revolutionized the engraving printing industry.

The Bureau of Engraving and Printing continues to use the "spider" press to pull specimens for proofing purposes and at certain exhibitions throughout the United States to demonstrate the art and craft of intaglio printing.



SPECIMEN



Official Publication of the Paper Money Collectors of Michigan
The Paper Money Collector's Magazine
VOLUME XXVIII, NUMBER 1 JANUARY, FEBRUARY, MARCH, 1993

Correspondence pinpoints printing firm

Milton R. Friedberg is author of "The Encyclopedia of United States Fractional & Postal Currency," a 1978, 158-page volume cataloging more than 1,200 entries. He has collected such material for more than 20 years and is widely recognized as one of the leading experts in the field. He has researched the subject of the Bureau of Engraving and Printing and at the Smithsonian Institution.

By Milton R. Friedberg

Q. Which came first, postage currency without American Bank Note Co. monogram or with monogram?

A. Correspondence from Treasury Secretary Salmon P. Chase pinpoints the first group being totally printed by the National Bank Note Co. and then at a later date the faces were printed by National but the backs were printed by American Bank Note Co., who used their logo to identify material printed by them.

Q. Which came first, postage currency with perforations or with straight edges (imperforate)?

A. Again, Secretary Chase's correspondence lists the imperforate as being first issued, then the perforated (12 gauge), then a switch of back printers to ABNC with perforations and finally a return to imperforate. The dropping of the perforations was done to reduce the tearing of the notes during use. Recent catalogs persist in ignoring the above sequence and continually incorrectly list the ABNC notes as preceding the NBN notes.

Q. Are the 50-cent perf 14 postage currency notes legitimate issues?

A. They have been identified as being from a perforated single sheet. The first record of perf 14 notes appears in 1889 at the Barlow Smith Sale of the R.C. Davis Collection. It is logical that they were privately perforated at that time since 14 gauge rotary perforators were not in use in 1863 when the notes were issued. The long history and documentation of these notes makes them collectible and desirable. If similar notes were to appear today without documentation they would be considered as altered notes and would be of no interest.

Q. What are the correct dates of printing for second issue fractional currency?

A. The 1882 Superior Sale of the "Fraser collection and no important collection of fractional currency" brought out many notes that had been in a safe deposit box

since Fraser had sold them to the owner in 1893. Dating by longhand notes on the Fraser notes indicates second issue plates were in preparation during December 1862. The early die proofs (essays and experimental) show an enabling act date of July 17, 1862, which was then removed as evidenced by longhand notations on experimental notes dated March 31, 1863.

The act of July 17, 1862 authorized "postage currency" but the act of March 3, 1863, was the enabling act for the second issue. Second issue production printing started in the National Currency Bureau with delivery of bronzed paper Sept. 1, 1863, to the plate printer's department and was discontinued on Dec. 13, 1864. The total delivered to the Treasurer's office was \$23,903,137.05. There is a difference in dates for the issue caused by the issuance of notes to the public by the Treasurer's office as compared to printing dates to the National Currency Bureau. Dates discussed here are printing dates.

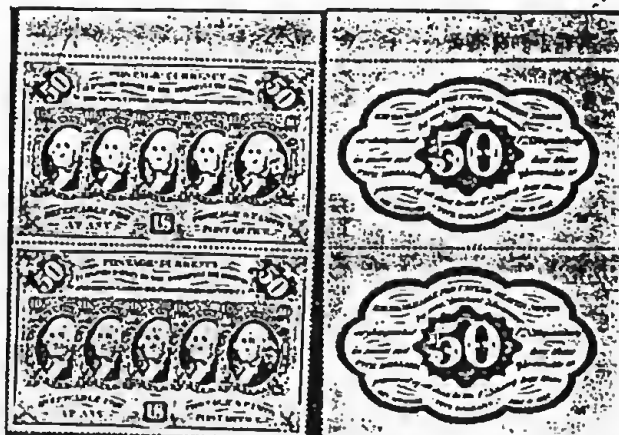
Q. Has the mystery of the 25-cent notes (Milloo 2E25F.2) with ornamental bronze over the front of the face been solved?

A. Yes, Mike Carter in cataloging the 1981 Superior sale had the opportunity to arrange five of these notes into a readable combined overprint of FIFTY. This discovery answered a mystery presented by a Congressional investigation that unused sheets of bronzed paper for bonds had been used for fractional currency. These 25-cent notes are the bond remainders that were supposed to be destroyed. The back of the bonds were bronzed for FIFTY dollar bonds.

Through Mike Carter's brilliant deduction we have been able to determine that at least three sheets were released since plate number indications for three different sheets are found on individual known notes. Nine of the possible 18 notes are known; perhaps the others will surface soon.

Q. Has the difference between experimental notes with two half moon punches and notes with three pie-shaped punches been discovered?

A. The tool making two half moon punches was used by the registrar's office to cancel or invalidate notes that were not to be issued as currency. The tool for the three pie-shaped punches was used by the auditor's office to cancel items such as revenue paper and notes inadvertently missed by the registrar's office. Martin Gengerke's



Obverse and reverse of postage currency with the rare 14-gauge perforations. Later postage currency and all fractional currency was issued without perforations.

research into the destruction of mutilated and/or worn notes produced a definitive discussion of the identifying punches so used.

Obviously experimental fractional currency notes with three pie-shaped holes are much rarer than the two half moon punch varieties as evidenced by the sparse record of their existence. There are quite a few tax receipts and other revenue paper items available with 3 pie shaped holes. They make interesting ancillary material to add to a collection.

Q. Has the cause for experimental notes with perforations of "Washington, D.C. or Baltimore, Md." in outlined bronze letters (2E10L.1 & 2E50F.2) been discovered?

A. The National Currency Bureau prepared essays of \$10 national bank notes for the First National Bank of Washington and the Second National Bank of Baltimore. Apparently the left over bronzed sheets were used for fractional currency and the bronzed areas were to be destroyed.

Several collectors have pooled their holdings to demonstrate the reconstructed major portion of at least one sheet. Cooperation between collectors is most helpful to clarifying these mysterious notes.

Q. Has any definitive data been found covering the meaning of the numbers and

letters to the corners of second issue backs?

A. There has been no factual evidence as yet. We do know that the bronze (or often called "gold") imprints were done by letter press (surface printing as opposed to intaglio or engraved printing). The characters were printed with a glue and bronze powder was then shaken on to the glue so as to form bronzed characters.

The printing sequence was to send the paper from the paper counting room to the bronzing room and then back to the counting room for a record of sheets printed. The next printing stage was to the plate printers.

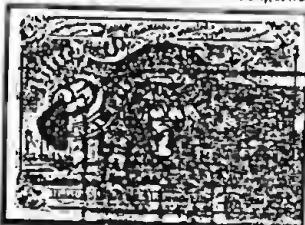
The bronzing room had absolutely no method of knowing what press or machine the paper would be printed upon. It is therefore logical that the bronze characters could only possibly refer to: a specific date or period to which paper was bronzed; a specific bronzer who did the work; a specific press upon which the paper was bronzed; a specific kind of paper so as to identify it; any combination of the above.

It really doesn't compute that the bronzer, or bronzing press above was important enough to identify throughout the useful life of the note, whereas the date of bronzing and kind of paper might have that interest. However, paper type seems to be the most likely and notes with a "T" in the corner are very definitely notes that split apart and apparently "T-1" and "T-2" seem to be slightly different notes.

The preliminary indication is that notes without corner identifiers is standard bond paper bought on the open market in those war shortage days. The 18-63 combination is postulated as being paper from Hudson Paper Co. who was the major supplier to the department. We can assume that if the above assignments are correct that the other letters primarily refer to different fiber paper types from experiments sponsored by the National Currency Bureau. This mystery has yet to be solved!



Some experimental fractional notes were issued from paper originally intended for national bank notes from Washington or Baltimore. Note the bronzed letters.



The word FIFTY was bronzed horizontally across the sheet of paper this second issue fractional currency note came from.



The half moon punches were used in invalidate fractional currency not issued as money.

FRACTIONAL CURRENCY ISSUED

PER TREASURER'S REPORT TO THE SECRETARY OF THE TREASURY
FISCAL YEAR ENDED 6/30/76

	Amount	Total No. of Notes		
First Issue				
5¢	\$ 2,242,889.00	44,857,780		
10¢	4,115,378.00	41,153,780		
25¢	5,225,696.00	20,902,784		
50¢	8,631,672.00	17,263,344		
	<u>\$20,215,635.00</u>	<u>124,177,688</u>		
Second Issue				
5¢	\$ 2,794,826.10	55,896,522		
10¢	6,176,084.30	61,760,843		
25¢	7,648,341.25	30,593,365		
50¢	6,545,232.00	13,090,464		
	<u>\$23,164,483.65</u>	<u>161,341,194</u>		
Third Issue				
3¢	\$ 601,923.90	20,064,130		
5¢	657,002.75	13,140,055		
10¢	16,976,134.50	169,761,345		
15¢	1,352.40	9,016		
25¢	31,143,188.75	124,572,755	*	No. of Notes
50¢	36,735,426.50	73,470,853	-----	50¢ Justice - 9,737,135
	<u>\$86,115,028.80</u>	<u>401,018,154</u>		50¢ Spinner I - 52,866,690
				50¢ Spinner II - 10,868,028
Fourth Issue				
			Large Seal	Small Seal
10¢	\$ 34,940,960.00	349,409,600	-----	179,097,600
15¢	5,304,216.00	35,361,440	-----	27,240,040
25¢	58,922,256.00	235,689,024		
Lincoln 50¢	9,576,000.00	19,152,000		
Stanton 50¢	43,024,000.00	86,048,000		
Dexter 50¢	24,799,600.00	49,599,200		
Tot. 50¢	77,399,600.00	154,799,200		
	<u>\$176,567,032.00</u>	<u>775,259,264</u>		
Fifth Issue				
10¢	\$19,989,900.00	199,899,000		
25¢	36,092,000.00	144,368,000		
50¢	6,580,000.00	13,160,000		
	<u>\$62,661,900.00</u>	<u>357,427,000</u>		
TOTAL	\$368,724,079.45	1,819,223,300		

*This breakdown supplied by
Walter Breen indicates a minor
discrepancy in total notes
issued.

SPECIMEN NOTES ISSUED

	<u>No. of Specimens</u>		
First Issue	5¢	43,560	Per 1867 Treasurer's Report
	10¢	67,560	
	25¢	62,688	
	50¢	43,488	
Second Issue	5¢	18,000	
	10¢	18,000	
	25¢	18,000	
	50¢	18,000	
Third Issue	3¢	21,000	Per Report No. 273 -- Senate Committee on retrenchment, 40th Congress, 3rd Session
	5¢	31,500	
	10¢	54,250	
	15¢	25,800	
	50¢	50,584	

NOTE: "No. of Specimens" refers to total number of pieces, considering an obverse and its reverse as 2 specimens.

SECOND ISSUE FIBER PAPER NOTES ISSUED

Per Committee on Retrenchment - 40th Congress, 3rd Session, Senate Rep. Com. No. 273
Item No. 36, Page 167

5¢	305,175
10¢	549,025
25¢	6,064,965
50¢	13,970,220

How proofs and essays

MAY 18, 1987 LINN'S STAMP NEWS 3

Linn's encourages its readers to suggest topics for future articles.

One such suggestion came from a reader in Texas, in response to a recent series of

Editor's Choice

By Michael Laurence

guest columns, by Wyoming communications executive Jack Rosenthal, on the subject of U.S. proofs and essays.

"How about an article," our reader asked, "describing the initial entry of U.S. proofs and essays into collector hands."

"One reads about them, but I've never seen them offered for sale by the Post Office."

We sent this request out to Rosenthal, who responded with the following guest column.

By Jack Rosenthal

Prior to 1894, United States postage stamps were designed, engraved and printed by private firms under contract with the Post Office Department, usually chosen by competitive bidding.

In the process of producing finished stamps, individual members of these firms would create essays and proofs.

An essay is a proposed design, basically a model, that differs from the stamp for which it was submitted. Essays are rejects, wholly or partially so.

They can take the form of pencil or ink sketches, paste-ups of stock design elements, finished artwork or a complete engraving, produced by a prospective stamp contractor "on the come."

A proof is an impression made from a die or plate of a final approved design as it eventually appears on an issued stamp.

The pulling of a proof is a practice adopted by engravers and printers to serve as a final review of their work prior to production.

For most of the 19th century, the artwork or dies for rejected U.S. stamp designs usually remained the property of the printing firm that created them.

In some cases, when these companies were liquidated, dies were then acquired by private parties.

Such was the case with Toppan, Carpenter & Company's essay designs for the U.S. 1861 issue. They were acquired by Ernest Schernikow, reprinted in many forms, colors and stages on a variety of materials, and sold to the public.

Not surprisingly, the early impressions from these dies, done by the bank note company, are far more valuable (being scarcer) than the Schernikow reprints.

Salesmen for the various bank note printers often were provided with sample books. These were bound volumes of proofs, either die sunk or surface mounted on cardboard pages.

Since a substantial portion of this trade would come from foreign postal administrations, it was a strong selling point to show that Uncle Sam had deemed the firm worthy of his business.

Sample book pages occasionally appear in stamp auctions.

It was traditional in the security printing trade to permit designers and engravers the privilege of retaining a copy of their finished work, for their personal portfolios.

Many of these artists brought their talents to a sequence of firms over the span of their careers. A portfolio of past projects was the best means of demonstrating proficiency to a prospective employer.

Such portfolios would sometimes enter the philatelic marketplace after an artisan died.

In other cases, the engraver would give out proofs or essays to friends.

get into collections

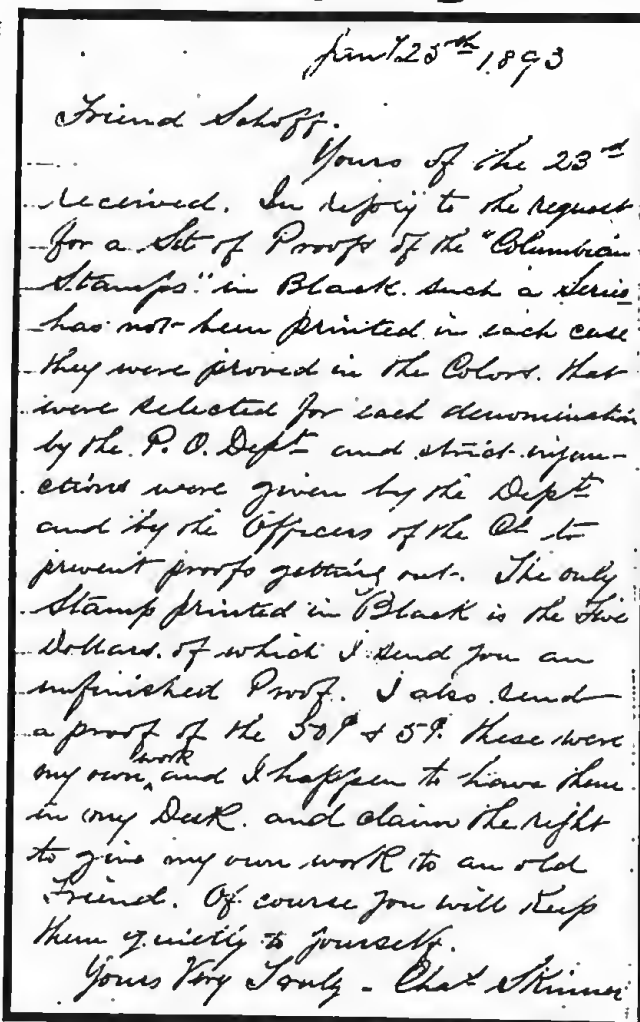


Figure 2. In this note accompanying the \$5 Columbian proof, engraver Charles Skinner claimed the right "to give my own work to an old friend."



Figure 1. A proof of the \$5 Columbian stamp, sent to a friend by the man who engraved it, along with a short letter, shown in Figure 2.

Figure 1 shows a \$5 Columbian proof (the design portion only) and Figure 2 shows the letter, from engraver Charles Skinner, that accompanied this

The letter responds to a friend's request for a full set of black proofs of the 1893 Columbian series:

"The only stamp printed in black is the five dollars, of which I send you an unfinished proof. I also send a proof of the 50c and 5c."

"These were my own work and I happen to have them in my desk and claim the right to give my own work to an old friend. Of course you will keep them quietly to yourself."

Other sources for the die proofs of U.S. stamps now in general circulation were ceremonial copies presented to dignitaries at the time of the issuance of new stamps, or retrospective impressions prepared for special occasions.

These after-the-fact proofs often were produced many years after their stamps had gone off sale.

In 1903, the Bureau of Engraving and Printing, at the request of the Post Office Department, prepared 85 albums of surface-mounted small die proofs of every U.S. stamp issued up to that date.

In some cases, it was necessary to engrave new dies for issues where the old dies had not been retained. (Prior to 1894, when private contractors had produced all the stamps, the Post Office Department maintained title to the dies.)

The items from the 1903 retrospective albums have come to be known as "Roosevelt" proofs, since they were issued during the administration of President Theodore Roosevelt. The Scott Specialized catalog lists these as "P2" items.

Other after-the-fact proof sets are the "Atlanta" proofs, produced in 1881 for the International Cotton Exposition in Atlanta (which Scott lists under "Trial Color Proofs") and the proofs created for the Panama-Pacific Exposition in San Francisco in 1915.

Scott lists the Panama-Pacific proofs as "P2a" items. These found their way into collections after being used as trading material by the government in order to obtain philatelic items thought necessary to fill out the national collection.

In the late 1870s, an attempt by the Post Office Department to make cardboard plate proofs available to collectors by charging face value was met with a loud chorus of protest.

Not usable for postage, every 90¢ proof in those days represented the equivalent of half a day's wages for the average worker.

From 1879 to the mid-1890s, more than 3,000 sets of card proofs were distributed, with-

out charge, upon request to a congressman.

These came in printed envelopes identifying the various is-

United States Postage Stamps,

ISSUE

1865.

Newspapers and Periodicals.

Figure 3. Envelopes containing proof sets of old U.S. stamps were sent out gratis by congressmen in the 1880s. Many thousands of proof stamps were distributed in this manner.

sues. Figure 3 is an example.

Around the turn of the century, the rather casual distribution of proof and essay material caused several scandals.

One involved the printing and distribution of inverted 1901 Pan-American 4¢ stamps (technically essays, since none were legitimately issued).

Two sheets of these were printed at the direction of Third Assistant Postmaster General Edwin C. Madden, some of which he distributed to his friends.

Although an investigation by the Justice Department absolved Madden of crime, the resultant public outcry caused tight restrictions to be imposed by President Theodore Roosevelt, including the discontinuance of distribution of proofs and specimens, since "no method of distribution could be devised which could not be attacked."

A generation later, there was another furor, after the death of President Franklin D. Roosevelt, when the sale of portions of his collection revealed large quantities of die proofs that had not been previously available.

Roosevelt, of course, was an active, knowledgeable philatelist, personally responsible for the subjects and design of scores of stamps during his tenure in office.

More recent attempts in Congress to cause the production of 20th century proofs for public sale have been beaten down by the argument that the cost of the process would be prohibitive.

Today, proofs are issued for official purposes, primarily for record, reference or public display. Engravers' personal

privilege copies are defaced to discourage their marketing.

So modern U.S. proof and essay material is generally unavailable to collectors — but who knows what the future will bring?

And in the meantime, there are substantial quantities of many varieties of proofs and essays of older U.S. issues, on the market in various ranges of affordability, to grace collections.

Collecting these items has become one of the more challenging areas of philately. Knowing the historical and artistic background on an issue adds much to its enjoyment. ■

SPECIAL LIST No. 8.

OCT. 1, 1893.

Unique Collection of Essays & Proofs of United States Fractional Currency.

FOR SALE AT MARKED PRICES

ED. FROSSARD, NUMISMATIST AND ARCHÆOLOGIST,

108 East 14th St., New York;

or

221 Lexington Avenue, Brooklyn, N. Y.

Every parcel sent post paid on receipt of remittance. To prevent errors, check off numbers wanted and return list with order.

This unique Collection of Essays and Proofs of U. S. Fractional Currency was formed by the late Mr. S. M. Clark, chief of the Bureau of Engraving and Printing, U. S. Treasury, Washington, D. C. After Mr. Clark's death, the Collection was purchased from Mrs. Clark by a private collector, who recently placed it in my hands to be listed, and offered to collectors at marked prices. By order of Ex-Secretary of the Treasury Foster each note has been lightly punched at ends and marked SPECIMEN, and it is in this shape only that these notes can lawfully be sold to collectors. It may be added that all are first impressions, printed in deep, strong colors, mostly on thick fibrous paper, differing from that used for the regular issues, and that no other Collection of this class exists. A star at end of line indicates that the specimen is unique so far as this collection is concerned; the price is for piece or lot in each number.

1 \$30., 15., Coupons of U. S. bonds, brown and blue,
blank revs. on card paper..... (2) 1.00

U. S. FRACTIONAL CURRENCY. SECOND ISSUE.

Obverse only, without gold ring; rev., blank.

2 50c. Trial proofs thin paper, wide margins..... (1) 75

3 50c. Space "to right for "50" and word "FIFTY"
to left, blank. First proof*..... (1) 3.00

4 50c. Same. Large gold letters over face (1) 2.00

5 50c. All spaces for value blank, large 50 & MARCH
21 1863 beneath in gold*..... (1) 5.00

6 50c. Same as last, but all values inserted..... (1) 3.00

7 50c. Plain, fine fibre paper..... (1) 60

8 50c. Same, fine thin membrane fibre paper..... (1) 60

9 50c. Impression before cleaning plate, Dec. 7, 1863.
Heavy membrane fibre paper (1) 80

10 50c. Large gold oval, blank field. Rev., carmine,
large 50 in gold, T-I-18-63 in corners..... (1) 4.00

11 50c. Same as last, but 50 on rev. reversed, s-2-18-63
in corners..... (1) 4.00

- 2 -

12 50c.	Skeleton 50, B-2-18-63 in corners on blank obverse. Rev., carmine, gold oval.....	(1)	5.00
13 50c.	Plain black obv. Rev., same as face, but green; water marked paper (double face note)*....	(1)	10.00
14 50c.	Black. Rev., 10 Cents, green (mailing).....	(1)	5.00
15 50c.	Rev. of 50, 10, 5 Cents*.....	(3)	15.00
16 50c.	Black, large skeleton 50 in gold. Rev., green, blank space for value in shield.....	(1)	5.00
17 50c.	Same as last, with addition of MARCH 21 1863 in gold letters at bottom of face*.....	(1)	5.00
18 50c.	Same as 17. Rev. Red, lilac, buff.....	(3)	12.50
Blank Obverses.			
19 50c.	Carmine back, broad margins, coarse manilla colored paper.....	(1)	1.00
20 50c.	Carmine back, narrow margin, thin paper*....	(1)	1.00
21 50c.	Same as last, but thick membrane paper.....	(1)	.75
22 50c.	Blue and violet backs, no gilt.....	(2)	10.00
23 50c.	Carmine back, with large skeleton 50 in gold; B-5-18-63 in corners. White fibrous paper.....	(1)	2.00
24 50, 25, 10, 5 Cents.	Backs, trimmed.....	(4)	2.00
Obverse only, without gold ring.			
25 50, 25, 10, 5 Cents.	Thin paper*.....	(4)	2.00
26 25c.	Deep black, thin membrane paper.....	(1)	.40
27 25c.	Deep black. Medium membrane paper.....	(1)	.40
28 25c.	Blue slate Extra heavy plain membrane paper.....	(1)	1.00
29 25c.	Large skeleton 25 (instead of ring), and FEBRUARY 20 1863 in gold.....	(1)	4.00
Obv., with gold ring; rev. large 25 on blank ground.			
30 25c.	Plain membrane paper; dry printed.....	(1)	2.00
31 25c.	Same as last; addition of 5-18-63 in corners on rev.....	(1)	2.00
32 25c.	Same as last, but addition of heavy large gold characters on entire front, in some specimens nearly solid....	(1)	3.00
33 25c.	Backs; violet, no gilt nos.....	(1)	.40
34 25c.	Backs; broad margins, varieties in color and paper, no gilt.....	(4)	12.00
35 25c.	Backs; blue and violet, curious metallic shading to letters*.....	(2)	10.00
36 25c.	Backs. Violet; skeleton 25 and B-5-18-63 in corners.....	(1)	1.00
37 10c.	Obverse, without gold ring, blank back. Parchment membrane paper.....	(1)	.30
38 10c.	Same. Proof on Bristol card, broad margin*....	(1)	3.00
39 10c.	Obverse, without gold ring, but irregular gold letters in various parts. Membrane paper.....	(1)	1.50
40 10c.	Obverse, gold ring, plain back. Membrane fibre paper.....	(1)	.25

— 3 —

41 10c.	Heavy gold ring on blank ground. Rev., green, with large skeleton 10 in gold and T-1-18-63 in angles; membrane fibre paper.....	2 50
42 10c.	Backs, blue, green & violet. Varieties in margin and paper, no gilt.....	(4) 12.50
43 10c.	Back, green, large skeleton 10 in gold and B-5-18-63 in angles. Thin membrane paper, broad margin.....	(1) 2 50
44 5c.	Obverse only, with blank space for key above. Dry printed, thin membrane fibre paper, wide margin.....	(1) 2.00
45 5c.	Same, margin over 1 in. on each side*.....	(1) 2.00
46 5c.	Back only. Light tan color. Bank note paper..	(1) 25
47 5c.	Same. Heavy membrane fibre paper.....	(1) 25
48 5c.	Back only. Blue, lilac, tan & bronze.....	(4) 12.50
49 5c.	Back only, broad margin. Tan color*.....	(1) 3.00
50 5c.	Back. Shield without perpendicular bars. Large skeleton 5, 1-9-18-63 in angles.....	(1) 2 00
51 5c.	Back. Same as last, light gold shading in entire design. B-5-18-63 in angles.....	(1) 3.00
52	Obverse only. Values and vignette of Washington blank. Thick yellow paper, broad margin*.....	5.00
53	Blank values, with vignette, otherwise as last.....	3.00
54	Same as last, but white bristol board paper*.....	3.00
55	Same. Thick paper, broad margin.....	2.00
56	Same. Thin paper, narrow margin.....	2.00

THIRD ISSUE.

57 50c.	Justice seated. Green note, without gold values at sides, or signatures; rev., blank.....	(1) 7.00
58 50c.	Same. Upper part only, on thick bristol board paper*.....	(4) 7.50
59 50c.	Same, but signed; white paper, red back. Imperfect*.....	(1) 2.00
60 50c.	Same. Gold values at sides, no signatures; rev., blank. White paper*.....	(1) 7.00
61 50c.	Same, no signatures. Delicate gold tracery on entire face of note, except white star behind Liberty, blank rev.*.....	(1) 15.00
62 50c.	Same as last, but large white centre*.....	(1) 15.00
63 50c.	Same, signatures; gold values at side. Rev. Blank, with gold 50 in centre, S-2-4-4 in angles. Heavy white fibre paper.....	(1) 8.00
64 50c.	Back only in three colors, on India paper, broad margin*.....	(1) 8.00
65 25c.	Fessenden. Obv. only, without gold values at sides, thick parchment fibre paper.....	(1) 40
66 25c.	Same. Trial proof in blank from unfinished plate, broad margin*.....	(1) 15.00
67 10c.	Vignette of Washington, without gold nos. at angles, blank rev. Heavy fibre paper.....	(1) 50

-- 4 --

FOURTH ISSUE.

68 50c. Lincoln. Trial impression, black on white India paper, broad margin. Uncanceled, only two issued*.....	(1)	50.00
69 3c. Washington. Light curtain.....	(1)	50
70 3c. Washington. Black curtain.....	(1)	1.00

All the above notes are guaranteed to have been printed at the U. S. Treasury, Washington, D. C., 1862-64.

VERMONT.


State Currency. 50c to 10.00, banks of Burlington, Middlebury, Westminster, Woodstock. Issued about 1807-1808; redeemed by the State and paid in full about 1835. Signed, uncanceled, fair to crisp, new. Set of 20 different notes.....	7.50
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MISSISSIPPI COMPANY, 1720.

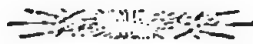
John Law. Banque Royale, under his management. 10 Livres, 1720. Fine	2.50
50 Livres, 1720. Fine.....	2.00
100 Livres, 1720. V. good.....	3.50

ENCASED POSTAGE STAMPS. Strip of three of the 3 cents issue of 1861, in copper metallic case, stamped on back with eagle strangling a serpent, mica facing.....	2.00
Interesting alike to Postage and Coin Collectors.	

Ed. Frossard. Monograph U. S. Cents & half Cents. Quarto. 9 plates; hlf. mor.....	3.00
Frossard & Hays. U. S. Cents of 1794. 8vo, 2 plates; cloth.	1.00
A. G. Heaton. Treatise on Mint Marks. 8vo, paper. 56 pp.	1.00

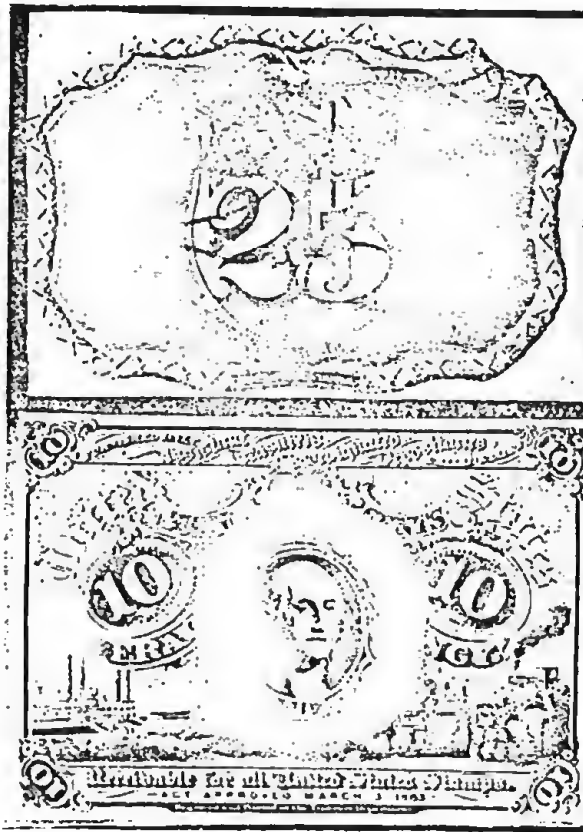
 A special list will shortly appear of Curios, Historical Plates, Bronzes, Washingtonia, etc. Another of Copper Coins will commend itself to Collectors for quality of coins offered and low prices. Every thing in my lists is actually in stock, the prices are so moderate as to be within reach of all.

If not interested in the subject, kindly pass this list to some friendly Collector of U. S. Fractional Currency and Paper Money.



U. S. Currency Printed on Confederate Watermarked Paper

By Dr. Glenn Jackson



Fronts of two notes of the second issue of Fractional Currency taken from a shield.

The fact that some of the paper used in printing the second issue of U. S. Fractional Currency was originally prepared for the Confederacy is fairly well known. However, actual examples of such currency and the elusive watermark have been illustrated only infrequently. Through the skill of photographer Adrien Boutrelle working on two examples in my collection which were originally in a Fractional Currency Shield, we are able to show them here.

The story behind this paper, as recounted by Dr. Frank Limpert and others, is one of wartime intrigue. The Confederacy was able to maintain a sea route from Wilmington, N. C. to Nassau in the Bahamas despite the Union blockade. Her long, speedy blockade runners carried cotton on the outbound trips under cover of darkness or dense fog, running without lights and a relatively smokeless fuel. On the return trips they carried war material, drugs, cloth, paper, etc.

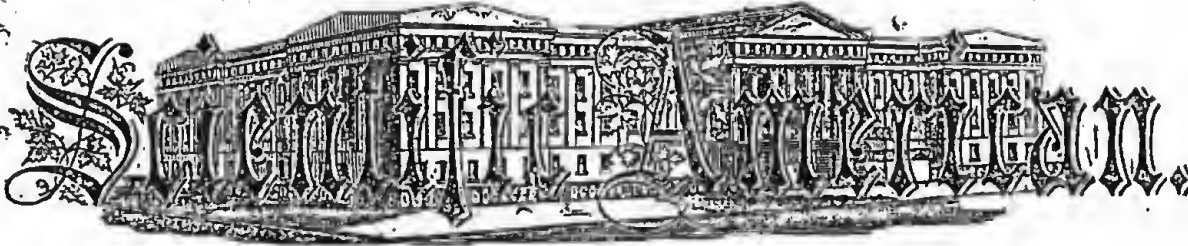


Backs of the two notes showing the CSA watermark.

One of these runners, the *Bermuda*, which had gone on to England for supplies, was on the return leg of her trip when she was captured by a Union ship on April 27, 1862. She was taken to Philadelphia as a legal prize of war, where her contraband cargo was ordered sold. The Treasury Department first bought five cases of bank note paper at \$2 a ream. Later, it bought the remainder of 490 reams at a \$2.50 price, 35 reams of foolscap at \$6 each, and ten damaged reams at \$1.50 each.

Many of the fractional notes printed on this paper went into the shields; others were sold by the Treasury, as indicated by this excerpt from the *Washington Chronicle*:

SPECIMEN CURRENCY: The Treasury Department is now ready to supply applicants with sets of specimen fractional currency of all the descriptions ever issued, including two varieties of fifty-cent notes and one of the ten-cent notes, which are signed by the Register and Treasurer. The sets of full notes may be purchased for \$5.75, while a set of half notes, or those having the face and back separate, will be sold for \$4. The latter variety will be printed on Confederate bank-note paper, bearing the letters C.S.A. in watermark, which was manufactured in London for the treasury department of the Confederate States, so-called, and was found on board a blockade runner captured by one of the vessels composing the blockade squadron. A large quantity was obtained and sent to the Treasury Department, where it has been used for various purposes.



A WEEKLY JOURNAL OF PRACTICAL INFORMATION IN ART, SCIENCE, MECHANICS, CHEMISTRY AND MANUFACTURES.

Vol. XII.—No. 8.
(NEW SERIES.)

NEW YORK, FEBRUARY 25, 1865.

{ \$3 PER ANNUM
(IN ADVANCE.)

DRY PRINTING OF FRACTIONAL CURRENCY.

In No. 5 of current volume, under the head of Editorial Correspondence, you allude to the dry-printing process as now carried on in the Treasury Department. You say:—"The question of dry printing by hydrostatic pressure, to which reference is made on page 294 of our last volume, is practically settled; some eighty presses are printing fractional currency, and it is done more rapidly, we think, than by the process of wet printing. There is less manipulation required, while the work is finished in a superior manner."

My business being such as to frequently bring me in contact with printers, I have obtained reliable information on the subject of this dry printing as now carried on in the Treasury, which leads me to believe that your opinion is based more on representations than on personal observations, which your limited time did not probably allow you to make. It is true, printing can be done by hydrostatic pressure, but the work is not to be compared in finish to that done by hand on the old style presses—being blurred and uneven in appearance; the immense pressure required proves quite detrimental to the plates, paper, and the packing on the upper surface of the press; the unevenness of the printing is particularly noticeable on the edges of the sheets. As

of presses be worked together, it will be almost impossible to build one strong enough. I will give my reasons for the assertion. The receiver is a cylinder with a piston in it, somewhat in the style of a steam engine; to the piston rod an immense weight is attached to maintain the proper pressure. Into this receiver the oil is forced by steam from the lower story, and, as the pressure and the volume of oil increase, the piston is pushed to one end, thereby taking up the weight attached to the piston rod; all the presses draw their supply of force from the receiver. We will now suppose an impression being taken; the tender opens the cock in connection with the receiver; a certain amount of oil forces the plunger of the press; this necessarily lessens the volume of oil in the receiver, and causes the large weight at the end of the piston rod to fall a certain distance to take up the loss of oil; when the pressure is again equalized, the weight steps suddenly, which causes quite a jarring by the destruction of the momentum required in descending. But instead of one press being worked, let us suppose that ten or fifteen are worked, all opening their cocks at the same time; the large weight, instead of falling a few inches, will fall a much greater distance, and, when the presses are all full, will stop with a much greater jarring, according to the laws of gravitation, showing the velocity to increase very rapidly according to the distance traveled. I am certain no mortal known would resist the shock given by the stopping of such a momentum. This will be the inevitable result whenever several presses are worked together. Until now, assertions to the contrary, but four presses have yet been worked together; enough of them, however, to prove my position to be true, as the broken receivers attest for themselves. This dry printing process is also dangerous, as one of those presses bursting under such an immense pressure may cause much damage—even death. Quite an accident happened some time since to one of the employees from such a cause. He noticed the oil spilling from a crack in one of the presses, and so as to prevent it from soiling the place he put his hand to the crack with a handful of cotton waste; the oil being driven with the immense pressure required went right through his hand, and made quite a bad wound. It is well known among the employees of the printing department of the Treasury that this system has proved to be a failure, and a useless experiment at a great cost to the Government; and why in these times of great financial difficulties this experiment is allowed to continue is incomprehensible. It would seem that the amount of money wasted on this experiment could be spent with much

more favorable result by providing for the wants of our sick and wounded soldiers. Persons trying to foster such a costly experiment, at this time more than any other, ought to be punished. Should the worthy Secretary of the Treasury have this system of printing inquired into by competent practical printers, I have no doubt that the conclusions would warrant him in preventing further expenditure of money in this worse than useless process. I also wish to call your attention to another branch of the printing department—bronzing. This is said to be security against counterfeiting—is what manner I am unable to say; but it seems to me that the bronzing process is well known to all printers of ornamental show cards, and is nothing new; it is, also, quite an unhealthy process, and should be discontinued. Yellow ink would answer as well, if the yellow must be retained. Another branch—the manufacture of the "illuminate paper," as it is called, introduced at the commencement of the printing of the fractional currency—has proved itself to be anything but what it was represented to be, and the use of it is now discontinued. In a word, it is a fact that our currency printing department is anything but what it should be; and it seems strange that, with the resources our Government possesses, we have not attained a higher degree of security against counterfeiting. I may also say, by the way, that the article published in the last volume, page 114, contains several errors in regard to dry printing, and must have been written by a person wholly unacquainted with the business.

PRINTED.

[The old question presents itself—"What shall decide when doctors disagree?" We think the force of our correspondent's communication is somewhat lessened by its denunciatory character which is often made to supply the lack of argument. Our visit to the currency bureau was necessarily somewhat hurried; but, nevertheless, we paid pretty close attention to the wet and dry processes of printing as practiced in the bureau. It is possible that the novelty of the dry process, influenced our opinion, as we are always pleased to witness new processes, and to encourage such whenever we discover merit in them. We have no partiality for any man's pet, and we usually distrust all schemes that savor of a selfish adherence to one's own notions to the exclusion of all others. In the report of the superintendent of

SEE NEXT PAGE
(OVER)

to the question of speed, notwithstanding all the bright anticipations of the projectors of this plan, experience has proved that it cannot be realized. Even at the present moment, when the machinery—after being remodeled a number of times—is supposed to be perfect, as asserted by the Hon. Mr. Garfield, more than four to five hundred impressions cannot be taken in a day with two presses, two men and a boy; while on the hand press, by the wet process, the average is eight hundred to one thousand a day, with one press, one man and a girl. It is also a well-known fact that the machinery is very expensive, and very difficult to construct so as to resist the immense hydrostatic pressure required. Quite a number of presses have been cracked, and are cracking every day, in consequence of such pressure. Any one may ascertain the truth of this assertion by visiting the grounds around the Treasury, where he will see quite a number of those presses broken to pieces. The machinery for this process of printing is quite complicated, requiring steam power, pipes of immense strength to convey the oil to the receiver, and the receiver itself. This unfortunate piece of machinery is quite liable to damage, owing to the very difficult task it is expected to perform. Several of them have been broken, and I predict that, should a large number

the Bureau, no remarks:—

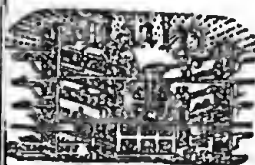
"Experience proves that impressions can be taken as fast as the plates can be inked and put in the press (the process of linking being the same as for wet printing), and this is the only limit to the rapidity of their execution; while every impression is not only perfect in itself, but each is likewise an exact counterpart of the original—a result impossible by any wet printing. During the last two months not a single imperfect impression has been produced on any one of the dry presses now in use; while by the wet process the product of imperfect impressions is daily reckoned by hundreds. The work of both wet and dry printing is done by journeymen for what are technically termed "piece prices"—that is, a given price per thousand sheets for the number of impressions printed. The piece prices paid for dry printing are nearly twenty per cent less than for wet printing; and when the operatives become expert, it is expected that the entire cost, including wages of ex-validators and feeders, will be less than the cost of wet printing."

Ex-Secretary Chase indorses the dry process, and the House Committee, of which Gen. Garfield is chairman, also indorses it. Here is reliable testimony which ought at least to mitigate severity of judgment; for it cannot be supposed that those distinguished men would willingly indorse any system that tended to waste the public funds, which our correspondent thinks ought to be used in "providing for the wants of our sick and wounded soldiers."

It appears also, from the report from which we have quoted, that certain influences have combined to prove that the conduct of the superintendent of the bureau had well nigh converted the United States Treasury Department "into a house of orgies and bacchanals." After a careful investigation by Congress he came out of the trial thoroughly vindicated, and his system was indorsed.

We do not know the superintendent who has thus escaped, but we cannot commend a continuance of such attacks as have been made upon his character and fidelity. The system of dry printing is in a fair way to be thoroughly tested, and we do not see either the wisdom or justice of denouncing it until the experiment shall have been completed.

New-Work



Tribune.

Vol. XXV...No. 7.682

PRICE FOUR CENTS.

NEW-YORK, MONDAY, NOVEMBER 20, 1865.

EXTENSIVE COUNTERFEITING.

Seizure of \$50,000 in Spurious Postal Currency.

ARREST OF THE COUNTERFEITER

HIS CONFESSION.

As important arrest was effected in Brooklyn last Tuesday, the particulars of which have been suppressed up to the present time. The Treasury Department at Washington have long been aware that the business of counterfeiting greenbacks and postal currency has been carried on to an alarming extent at different points throughout the country, but their endeavors to arrest the guilty parties have, with a few exceptions, been attended with failure or only partial success. The arrest of the inventor of the postal currency has been especially successful, as the dangerous operator, inasmuch as his invention was so perfect as frequently to deceive even the Government inspectors, has been the bane of the Treasury Department as great as his skill. The inventor was a English emigrant by the name of Charles D. Walker. The best Government detectives have been on his track for months, without succeeding in finding him. Finally, last Tuesday, he was arrested by Special Agents of the Brooklyn Police, Messrs. M. J. Lowell and A. J. Otis, detective in the service of the Treasury Department, with the assistance of Mr. McWaters of the Treasury.

"The operations of Raikes have been mainly confined to children, and to the boys of which class the "sweaty mill" was situated. The latter consisted of a large room, the floor of which was made of wooden planks which he made, and which, in an iron frame, lay, led to his room, were empty of the latent force of steam and electricity. They are of steel, and the impression from them is as beautiful and perfect, as the most closely indistinguishable from that of the genuine plank. Upon this magnificent, the criminal artist had placed, with the most elaborate patience and persistence, and with the most perfect accuracy, a perfect resemblance, which would even cause the suspicion of the strongest detectives.

"But, though a writer, Robert was not a printer. His plate was primitive, and, in addition, or instead only by modern printers, could not produce an impression equally perfect. He, therefore, left Mullis-printer, and thought to seek the services of a formerly-printer, whom he understood to have been in the conducting business, and who was well known to be a possessor of extraordinary skill. Unluckily for the English operator, this printer was in the service of the Government detective, who, there, therefore, promptly informed of the whereabouts of the game; for which they had so long been in pursuit."

Moss, Towell and Pitta, with other detectives, accordingly surprised Roberts in his Brooklyn residence on Tuesday morning last at 11:22. The counterfeiter made a desperate resistance, swearing that he would die sooner than be taken; but the detectives were too many for him. He was knocked down, disarmed, and speedily lodged in the Raymond-st. Jail.

The arrest was kept a profound secret to give the detective time to effect the seizure of the plane, guns, and counterfeit money, already manufactured at Philadelphia, which they were unable to do prior to the arrest. The show of \$4,000 in the fraudulent currency, which the prisoner had brought with him to Brooklyn, and which they hoped to resell, after lodging their prisoner in the Federal House, was being put up for Philadelphia, found the mill, and wire contents comprising the plane, guns, resins, \$30,000 worth of the fraudulent currency, all in 400 spot cases, and some. Some of it was in an unsealed state, but the detective found the completed issues would have destroyed them instantly, and the money was heavily doubted their guns. But they were not nervous by the prisoner, so far as the counterfeiters in Brooklyn were concerned. During the chances of his capture, Roberts thought to have the following letter conveyed

MARY: Please go at once when you receive this, and tell
 Louisa to come and see me at once. Tell her to bring things
 down. I am at Raymond-st. Jail. Please go some road-
 about way, and take care nobody follows you. Tell Louisa to
 keep cool. I am all right. Be this right away, please, to-
 night, and advise yours,
 Mrs. Lloyd, corner North First-st. and Third-st., Brooklyn.
 E. 11.

"This note was returned to the above address by the brother of the Sheriff who had the previous to stage, whereas it reached 'Louise' who, of course, 'blasted things away,' much to the disappointment of the detectives, when they called for the purpose of making the salaried. 'The gallant brother of the Sheriff has fled, and has thus far effected his escape."

The delinquents are now in pursuit of a comrade of Roberts, and they are quite confident of soon capturing him. Since his incarceration, Roberts has consumed everything. He says that the plate which has been seized was intended for his meal and grooves meat. If the delinquents have only held out for another week, he would have made \$10,000, and been in Kampu enjoying it. We celebrate that Roberts's new comrades in the extent of their own financial ruin.

Overton, the coauthor of 28-out slumps, who was arrested some time ago, planted guilty on Friday last. That this will also probably be speedily established, and, as he is not so fortunate as to have "a wife and nine children," there is no likelihood of his reaching the hasty parlor which was recently granted to Antonio Luna, a slumier criminal.

Riot erupts over shortage of small change

Storm breaks in Cincinnati after arrival of postage currency

By Fred L. Reed III

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The 300th issue of Harper's Weekly, "A Journal of Civilization," appeared Sept. 27, 1862. On the front page of the 6-cent tabloid was an artistic rendering of the Ohio River's big bend from the hillsides opposite Cincinnati in Kentucky.

First in a series

The broad, bustling Ohio River swept off to the artist's right, in the north and east. The broad Ohio was full of river traffic which made the city of Cincinnati thrive. The city itself appears idyllic, majestic church spires climbing the rolling hills stepped back from the river's banks.

But this placid view of the community's atmosphere shown in the artist's drawing belied the truth of the difficulties and turmoil being experienced by the majority of Cincinnati's citizens.

Just a few, short weeks later Cincinnati would experience a major mob scene as frustration gave vent to wrath. It took the United States Army to quell the disturbance. The cause of this riot? Something as simple as a shortage of small change.

Engulfed by major economic turmoil, the masses had been circulating postage stamps for months before Congress belatedly endorsed this expedient July 17, 1862, with its authorization to issue postage currency.

The Scott catalog (Specialized Catalogue of United States Stamps, now produced by Coin World's parent company Amos Press Inc.) has long contended that this emission "was not money, but a means of making stamps negotiable." In fact these notes do clearly state on their face that they were "receivable for Postage Stamps at any Post Office."

Other writers have held that these small notes, the postage currency itself, was issued "illegally" since the act referred to stamps not "postage currency" notes.

Highly favorable substitute

But what such assessments fail to do is make sense. Postage currency was a highly favorable substitute. In fact, it was as "good as gold," because by the precise language of the enabling legislation it was receivable for customs duties and other obligations due to the United States.



CHARLES MAGNUS' colored lithograph, "Birds Eye View of Cincinnati," shows the Civil War era city from the heights behind Newport, Ky., across the Ohio River. Cincinnati was vulnerable to Confederate raiders and a large contingent of U.S. troops was stationed there. Although Copperhead sympathies also ran rampant there, it was mob violence set off by insufficient supplies of postage currency that brought the troops into action in November 1862.

Although all the greenbacks were good for those "other" obligations, only demand notes and postage currency were good for import duties. That is a significant difference, as we shall see.

It's as if no one ever bothered to turn the notes over, since this provision is clearly spelled out on their reverse. They state in part: "Receivable in payment of all dues in the U. States [sic] less than Five Dollars."

This provision was a natural downward extension of the preferential treatment originally accorded the demand notes (i.e., "receivable for customs") vis a vis the later authorized United States notes, the legal tender greenbacks. And because of this postage currency extended the opportunity to pay taxes, fines, purchases of public lands, customs and other duties due to the central government downward to the least citizen in the land, since they were legally equivalent to the demand notes and specie to small sums. (Note: demand notes were printed in denominations down to \$5.)

These equivalency provisions, which legally made paper equal to gold and silver in the payment of customs, were dropped from the better thought out and framed fractional currency legislation which provided a substitute currency for the postage currency in the following year.

But for a year, that difference was etched in law, and it contributed to the monetary difficulties experienced in Cincinnati and elsewhere. Legally, postage currency really was a substitute for the silver fractions of a dollar that it was supposed to replace. I find to remarkable that this important distinction has escaped numismatists for so long. In fact, no author in the past century and a quarter since these notes hit the streets has mentioned it.

Early lack of success

But it was important, and contributed greatly to the lack of success the postage currency experienced. That early consideration could surely not have escaped the notice of the frugal Yankee merchants, bankers, and capitalists who queued up to receive their shares of such notes. And in fact, it did not escape the astute commercial minds of the time. Both demand notes AND postage currency sold at premiums in excess of convenience percentages, precisely because they were pegged to specie.

The premium on postage currency led to its hoarding and speculation. Both activities kept large amounts of this currency out of circulation. So the provisions of the unwitting and hastily framed legislation under which it was emitted precluded postage currency from doing the job it was created in: circulate and remedy the change crisis.

It is but one example of bureaucratic bungling in which the solution exacerbated the problem. There were others. The sum of their effects were that things were not going very well commercially in Cincinnati in the summer of 1862, despite the fact that business was booming with wartime activity.

Besides the bureaucratic bungling in monetizing stamps, which led to the postage currency, it is known that provision for manufacturing the small Federal bills went inexorably slow. Both officers of the American Bank Note and National Bank Note Companies in New York City, and the Federal officials in Washington, D.C., deserve concurrent shares of the blame.

Postage stamp frenzy

Because of the tardiness of the promised

relief, the public continued to buy excessive amounts of regular postage stamps to pass as change. Postal officials were disconcerted as daily sales mounted to unprecedented levels. Such sales in Cincinnati directly attributable to stamp purchases for change were reliably estimated at \$50,000 for the months of July, August and September, 1862. Postal officials sought to curtail such sales with little success.

By early October Cincinnati newspapers were decrying the state of affairs. "The use of postage stamps as a circulating medium will undoubtedly soon be checked," the Daily Enquirer postulated in reporting the most recent Washington actions to curb stamp sales.

The Post Office Department had just circulated a series of directives to local postal officers to crack down on what it deemed the prevalent "use of stamps on letters in the prepayment of postage. Because most stamps were soiled from currency use, unscrupulous persons were attempting to remove postally cancelled stamps, and reattach them to letters in the hopes that one dirty stamp would look pretty much like another to the Post Office."

Not so, the Post Office bureaucrats in Washington claimed, warning that letters deemed fraudulently sent would wind up undelivered in the Dead Letter office. And ALL dirty stamps were suspect and susceptible to repudiation by the Post Office, the account warned.

The remainder of the Enquirer article was a long, plaintive summary of the Queen City's experience with postage stamps as currency. An estimated \$50,000 in postage stamps was in circulation there, the newspaper opined. They had been used for everything from food, to drinks, to cigars.

"For the past few months stamps have been so extensively circulated as a substitute for small change that they are now found in everybody's pockets," the newspaper said. "These have been given a wide range by our merchants, and all alike have received them, to large and small quantities. No matter what you purchased, you are bound to receive as change these sticking plaster."

"And they have proved themselves by no means a convenient substitute," the account continued. "By constant use they easily be-



POSTAGE CURRENCY was so scarce in Cincinnati in fall-winter 1862 that these notes were being sold at 5 to 10 percent premium by the city's bankers. Large merchants caught on quickly. They imported quantities of notes directly from the East and hawked them at 12.5 to 15 percent advances.

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come torn and soiled, and the unfortunate possessor is compelled to pocket the losses."

Cincinnati officials received supplies of the fractional bills slowly, and then only in small quantities. The arrival of the long-promised notes was so long delayed and so slow, in fact, that in early November 1862, the receipt of but a small amount at the city's Customs House set off a full scale riot after most of the amassed crowd (quickly turned to a mob) failed to receive any notes at all.

So scarce were these notes that postal currency was being sold at 5 to 10 percent premium by the city's bankers. "To exchange a dollar bill," one of the local newspapers complained, "you must lay it nearly all out." Large firms brought in large quantities of the postage currency from the East, but even they paid it out at 12.5 to 15 percent advances. These notes were no help to the public.

A frustrated customs collector, Enoch Carson, who was charged with distributing the small quantities to be officially released in that city, put up a large sign: "NO MORE Postal Currency At Present. Until more comes, no use making inquiry."

Money substitutes

The Customs House was only two doors from John Shillito's famous store. His Cincinnati encased postage stamps remained as evidence that Carson's sign was up more than it was down—at least in those final months of 1862. Shillito was not alone. Four (not five, as author Arnold Perli has written) Queen City dry goods establishments, Shillito's included, took money matters into their own hands and commissioned John Gaul's private currency medium.

There are other evidences, of course, of the small change crisis. The Cincinnati City Council debated the feasibility and legality of issuing a municipal fractional scrip, while the city staggered commercially under the oppression of an uncertain Federal fractional supply. In the end they chose inaction, citing the state law against issuing such notes.

But as delay mounted upon delay, and excuse upon excuse, the city's merchants could wait no longer to providing themselves with a small change medium with which to continue their business. While several opted for the excused stamps, most turned to the city's local die slakers.

They commissioned cent substitutes, which quickly became ubiquitous to the summer of 1862, but these small coppers could not remedy the crying need for silver change.

The postage currency debuted finally on Aug. 21, but it was more than two weeks later before supplies were generally forthcoming. By the end of September nearly \$300,000 of the currency had been released. But by Oct. 7 only ONE small distribution had been made to the Queen City. It "had not afforded any relief from the inconvenience attending the scarcity of silver," the *Daily Enquirer* complained.

The rush is on

The change-starved public reacted like dehydrated race horses smelling water when the opportunity to acquire some of the small fractional notes presented itself. On Oct. 7 it became known that another \$3,000 to postage currency was available for distribution. People boiled from the starting gate.

Under the headline, "The Rush for Postal Change," the *Enquirer* reported that the notes "created an excitement with the retail dealers, who have been suffering for the lack of small change, and the rush at the commencement of business at the Customs House was overwhelming."

Supplies were rationed to \$5 per person, but one greedy soul boasted he had obtained five times that amount. The *Enquirer* said that he must have spent the entire day standing in line to miss his small sums.

Alas, by nightfall the entire amount was gone, but not before the small change furor had exceeded the coal famine of the previous winter. The supply had failed to meet even one-tenth of the demand, the paper.

said. This rush for postage notes was only a prelude of what was to come.

In dire straits, the merchants of Cincinnati sought sympathetic ears in Washington. O.C. Forty thousand Cincinnatians relied on retail trade, and several of the mercantile members of the City Council estimated losses due to the inability to make change at \$100,000 to half a million dollars.

One of the more political members of the city council suggested that they simply descend on Washington as a group and remind the president, the secretary of the Interior, and the attorney general about political realities. "Mr. Latta wanted the Committee to go to Washington and inquire of Messrs. Lincoln, Smith and Bates if they had forgotten where they come from, and if from the West, why [more postage currency] had not been sent out here. We should demand that our share of the postal currency be sent West," Latta said.

Fellow Ohioan Salmon P. Chase held the Treasury Secretary portfolio at the time, and the remonstrances of local merchant and banker John W. Ellis and others for relief finally met with some success. On Oct. 10, Chase directed that a special shipment of \$10,000 in postage currency be sent to Cincinnati, according to an entry to his personal diary.

Unfortunately, such a sum was merely a drop to the bucket. The smallness of the sum to the face of the severity of the problem, only exacerbated local opinion. It was like pouring salt on wounds.

The situation was bleak, the newspaper said. Postage currency was so short supply that, for example, the Pendleton Street Car Co. was giving only 30 cents in postage currency to change for a 5-cent ride when payment was made with a 30-cent postage currency note.

The "crying scarcity of small change continued." The use of postage stamps had failed. The issue of postage currency was yet to get off the ground. Local businessmen professed the "disposition . . . to remedy the evil by issuing checks," the newspaper reported Oct. 13.

Although state law prohibited the issue of such shipplasters, private resourcefulness filled the void. The newspaper recounted the state of affairs: "As a last resort, hotel keepers, merchants and others are inclined to adopt the alternative of flooding the market with 'Good for Ten Cents' pasteboard." Even members of the City Council were issuing such change checks to connection with their business interests. "There is no law against necessity," one of their number opined.

Newspaper endorsement

Treating the situation realistically, the *Enquirer* editor agreed with his change-starved colleagues. "The necessity of change is imperative," he wrote. "As all other sources have failed, the inevitable result must be the introduction of the shipplaster system."

The *Enquirer* endorsement, however, was couched in rhetoric. "There is undoubtedly considerable silver to the market, which is kept out of circulation on account of the high premium demanded," it noted. If everyone concerned generously accepted that commercial premium on specie and received and paid it out based on its advanced value, coinage might return it to its purpose, the paper suggested. "This method, if universally adopted, would soon remedy, to a great extent, the inconvenience arising from a scarcity of change," it said. Unfortunately, that simple expedient, which was also proposed by Horace Greeley and other editors, never materialized.

Having covered their bases, the newspapers' publishers Fernan and McLean could not help but be more than a little biased by such small change proposals. They were hardly disinterested parties to the outcome of the discussion. Beginning in mid-October, they actively solicited shipplaster job printing for Hart and Co., a subsidiary located in their basement.

Although Cincinnati was THE major Western city of the time, it was being overlooked

UNITED STATES TREASURY.

NEW-YORK, Nov. 18th, 1862.

This will entitle the holder to receive in exchange for United States Notes *Twenty* Dollars in POSTAGE CURRENCY, each Tuesday and Friday until further notice.

J. Richardson JOHN J. CISCO, Asst. Treas. U. S.

POSTAGE CURRENCY was in short supply everywhere. To remedy the kind of problem U.S. Depository Enoch Carson had in Cincinnati with mob violence, Assistant U.S. Treasurer John Cisco in New York issued permits for an orderly disbursement only a week after the Cincinnati riot.

by officials to the East, Queen City merchants and public alike felt. Even while Washington bureaucrats kept promising that the pace of postage currency distribution would be quickened, the minute quantities of Federal fractionals seemingly dried up before reaching commercial channels. The situation was deteriorating even further.

Weeks later the situation was no better. In fact, with the passage of time and no substantial relief, it was undoubtedly worse. A frustrated customs collector, Enoch Carson, representative of the government and its depository, found it necessary to take the offensive.

Officially it was said that production was earmarked one-third for New York City, one-third for Boston, and one-third for the Western regions. Although that distribution plan might have been equitable on paper, it was not working in fact. By the end of October only \$8,000 had gone to Wharfing, W. Va.; only \$18,000 had been received in Pittsburgh; and only \$25,000 had reached Cincinnati.

Cincinnati could no longer survive on promises from Washington. Hounded by local businessmen, harassed by the public and local newspaper editors alike, Customs Collector Enoch Carson took matters into his own hands. Unheralded he boarded a train Oct. 24 for Washington to attempt to shake loose some of the rationed change notes for Cincinnati.

The trip to Washington was a great success. He returned to the Queen City a virtual conqueror here Nov. 1. The Cincinnati *Daily Enquirer* highlighted his successful return to the following day's newspaper. "He [Carson] has succeeded in obtaining a promise that \$25,000 of the change should be sent to Cincinnati at an early period of this week. When it arrives it will be distributed as soon as the necessary arrangements can be made," the paper reported excitedly.

In an interview with the newspaper, Carson reported similar commercial disarray to New York, Philadelphia and elsewhere. Contrary to rumors to the press, stepped up production of the postage currency had not happened as yet. The highest production day to that time had been but \$27,000. Still, Washington and New York were predicting that the pace would be quickened imminently to \$100,000 daily, Carson told the reporter.

Even with the promised new shipment, Carson told the press that he would be forced to limit quantities to \$5 per individual. Still the paper claimed, that \$25,000 would go a long way to easing the scarcity of money in the marketplace.

At that time the paper's "Commercial Intelligence" quoted silver at 23-24 percent premium for half dollars and quarter dollars (the same premium as demand notes, by the way), and 18 percent for smaller silver fractions. But at those rates the largest holders were only rebuilding their stocks of specie, none was flowing into the marketplace because the sharpest financial minds

were not selling. They fully expected the rates to go higher still.

The limited amount of postage currency to circulation in the Queen City was causing "serious inconveniences . . . as the merchants refuse to change a bill if less than 50 cents worth is purchased, and in some cases 75 cents worth," the newspaper said.

Then the commercial writer whetted readers' appetites further. He predicted that Carson would release the newly acquired \$25,000 in postage currency within a day or two. Expectations rose.

As the big day approached, the city's population peaked at a fever pitch of excitement. Twenty-five thousand dollars to new postage currency would double the stock released in the city overnight. As the day of deliverance approached, conversations to saloon and saloon alike turned increasingly to that topic. There was little else of such great import. Not even news from the front came so readily into people's discussions.

The wait had been like that before a summer thunderstorm which would finally break an extended drought. Candidates for the currency (and that included everyone) could think of little else.

The storm breaks

The storm broke Nov. 4. It was a day that few who experienced it would forget soon. The electricity that had been generated by want and built up by three months of expectation broke loose all at once to a savage fury.

"Yesterday was a day of excitement in Cincinnati, the like of which has not been known to this city for many years," the *Daily Enquirer* reported Nov. 5 under a 12-deck headline, headed "The Small Change Panic in Cincinnati."

The tenor and flavor of the report is captured by the some of read out headlines plucked beneath that squall:

"3,000 Citizens Demand Postal Currency At the Custom-House Yesterday"

"United States Troops Called Into Service to Quell the Excitement"

"The Collector Disburses \$15,000"

"Compelled to Stop Distribution and Appeals to City Council to Relieve Him"

"No More Currency to be Distributed Today"

The account opened in an understated fashion. "There is no concealing the fact that the small change panic absorbs the attention of all classes of citizens, and the inconvenience, under which particularly the retail trade and laboring classes labor, have led to a great deal of clamoring for change," the *Enquirer* said.

"The Collector's office, at the Customs House has been besieged daily to the most provoking degree. In church or bed, on the street or in the office, there are commorants for postal currency, begging for five dollars' worth of Uncle Sam's change. 'The annoyance is without parallel, and . . . the de-

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mand is greater than it was three months since, ..." the report continued.

What had happened — simply put — is that the crowd, numbering 3,000 to 4,000, had descended on poor Enoch Carson en masse in a virtual carnival atmosphere. Expectations were high; deliverance was high.

To control such a vast crowd, a special chule had been constructed to funnel people single file past tellers' cages. The early birds must have been jubilant to finally get the promised postage currency into their clutches.

But after hours and hours of paying out \$5 sums, apprehension prevailed. The day wore long; the crowd's mood turned ripe, then ugly.

Carson paid out \$15,000 in small amounts by late afternoon, and yet much less than half of the crowd had been supplied. Disappointment loomed on the horizon for many. Most of the crowd had been standing to the street all day long patiently awaiting their opportunity to acquire the precious slips of paper. Now the fear that the postage currency would be all gone before they got to the tellers' cages started to sink in.

The crowd's mood turned ugly. They crushed forward and mobbed the Customs House. Collector Carson, who had started out the day as their savior, was suddenly once again the object of their scorn. The din in the street grew louder and more demanding.

Carson terminated the disbursement, closed his doors, and drew his shades. Then the mob actually turned violent, their expectation having been crushed with cruel disappointment once more. They shouted and rallied against Carson. Then they turned upon the Customs House itself and laid siege.

Calling out the Army

Carson, a Federal official, summoned the Army for protection. A large contingent under the command of Gen. Law Wallace was stationed in the city to protect Cincinnati from the depredations of Morgan's Confederate raiders. Now the Army found itself obligated to defend Federal property from its own citizens.

"The United States troops called into service to keep the excited populace at bay, were forced to use the bayonet to prevent the disorderly crowd from breaking into the Customs House," the newspaper reported to its typical non-inflammatory style.

"The people clamored loudly, and openly declared that there was not fair play, although a single passage way had been constructed for a procession to pass the window, each passerby receiving his \$5 worth of the currency." The Daily Enquirer, which in some measure was culpable in drumming up people's hopes, defended Carson's actions. "Mr. Carson certainly has exhibited every disposition to accommodate this community," the publication stressed. But Carson, himself, had enough of his "no-win" position. Under the security of an armed guard, he stormed into the City Council meeting, which even then was debating measures to exempt to relieve the city's small change woes. On the table was a proposal for the city to issue its own fractional notes. Carson offered the council a quickly formulated plan: He would turn over most of the remaining \$10,000 to postage currency that he presently had to council members. They would then arrange for distribution within their own wards. "He is exceedingly anxious to be relieved from the future distribution of the postal funds at his office," the newspaper emphasized. After 100 days of continual frustration, recrimination, and bodily threats, it's no wonder that this harried public servant would "want out."

Carson's plan was a master stroke. It directly answered two crying needs. Decentralizing the distribution would diffuse massed hysteria of the kind that had chased him from his office that very day. Hopefully it would also delude charges of favoritism in the future, because then the council itself (the citizen's elected representatives) could account to the public for the dispersal. "The Council could then make a weekly state-

ENLARGED DISCRIPTION BY THE TALKERS

City Collector's Opinion and How Taking the Issue Happened.

By the City Collector.

Yesterday was a day of excitement in Cincinnati, the like of which has not been known in this city for many years. There is an excellent fact that the small change people attract the attention of all classes of citizens, and the inconvenience, under which particularly the retail trade and laboring classes labor, have led to a great deal of clamoring for change, either from the Government or the issuing of notes by the city. The Collector's office, at the Custom-house, has been besieged daily to the most appalling degree. In short or long, as the crowd or in the office, there are enormous for postal currency, begging for five dollars' worth of Uncle Sam's change. The currency is without a parallel, and, notwithstanding forty-thousand dollars have been distributed in Cincinnati, a larger sum than has been received by any other Western city, the demand is greater than it was three months since.

Mr. Carson bearing indirectly that the Government was unable to supply the public with, \$11,000 daily, and that one third of this amount went to New York, one-third to Boston and one-third to the West, he supposed that the West was not

ALTHOUGH YELLOWED newspapers don't reproduce well, it is apparent from the 12 headline decks with which the Cincinnati "Daily Enquirer" reported the story of the fractional currency not that something rather major was amiss in the Queen City.

ment to the public of the amount received and distributed, and all would be satisfactory," Carson explained.

But the proposal would also have personal benefits. If the Council accepted, he could extract himself from his predicament. He could no longer personally distribute the currency to the public, nor would he do so any more. He wished to be relieved of the untenable position into which he had been thrust. "Our citizens need not, therefore, call at the Customs House for Postal Currency. They will not get it there," the Enquirer emphasized. One can hardly blame Carson.

The 24 Council members quashed Carson's proposal immediately. There was no way they were going to be caught up in this spider web. One can hardly blame them either. They were not deaf to the roars of the dissatisfied and unruly mob. They had more than their political futures at stake. Those were real steel bayonets the troops had mustered. Would they arrive quickly enough the next time demand exceeded supply?

The newspaper's gentle account of the council's polite refusal leaves much unsaid between the lines: "The Trustees of the Council very politely thanked Mr. Carson for the honor and confidence, but were positive in their opposition to his proposition — they were more favorable to going a fishing than to perform such an onerous task. Mr. Carson received the Council's sympathy, but no assistance was tendered."

Dejected, with the monkey still on his back, the customs collector "retired to devise some other method, of which due notice will be given to the public," the Enquirer reported.

Carson's situation was tenuous. His predicament just wouldn't go away with time if he ignored it. The longer the conditions persisted the worse they grew. It seemed to be an unending spiral: Bad to Worse to Much Worse, with no end in sight. The shortage of small change — particularly the promised postage currency — was a festering sore that affected the whole community.

Fred L. Read is a Texas numismatist currently working on a major book about encased postage stamps. He has written about many topics, with an emphasis on Civil War numismatics and related subjects.

Currency riot causes change in distribution

Officials move to chase private shinplasters from circulation

Part one of Fred L. Reed's article about the Cincinnati postage currency riots of 1862 appeared in COIN WORLD Nov. 2.

By Fred L. Reed III

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Customs Collector Enoch Carson's mental state need not be guessed at. In the Cincinnati Daily Enquirer of Nov. 7, 1862, under "Special Notices" he placed this plaintive notice: "POSTAGE CURRENCY: Persons are hereby notified not to molest money to me through the Post Office nor to any other way, for Postage Currency. My present supply is about exhausted. The labor of opening these letters and returning them is very great. I have not the currency to supply the one-hundredth part of the demand."

Last in a series

Carson too went further in his attempt to assuage the public. The following day he dispatched a letter to the editor of the Enquirer explaining his personal plight. "I am receiving hundreds of applications from our business men, asking me to furnish them with postal currency," Carson wrote. "The supply of postage currency received by me is totally inadequate to meet the tremendous demand that is made upon me, for it."

He also enclosed a copy of a letter he had addressed to one of the principal businessmen in the community in which he estimated that the pro rata share sent to him in that line for distribution would be less than 5 cents, thus "it would be utterly useless... to attempt to supply individual applicants."

He asked the editor to reprint his response, which was done. Publication of the copy of that letter in which he refused any further correspondence regarding postage currency would have to suffice for everyone, Carson wrote. He would answer no more inquiries. He no longer had the time much less the energy to open his mail, let alone answer it.

Carson then hatched his revised plan to distribute postage currency. In the future, he would not risk touching off another riot to the city. Therefore — "and until the supply becomes much greater than at present" — distribution would be to government officers first before disbursing ANY postage currency to businessmen or the public.

This new program was simply an improved version of the plan that the City Council had rejected two days previously. First priority would be U.S. disbursing officers (paymasters, quartermasters, Internal Revenue agents, and Postmasters); second would be the Ohio state treasurer; third, county treasurers; and fourth, city treasurer.

This plan precluded any further direct involvement with the public at all, since the "supply at present is quite inadequate to meet the demand of the above-named officers... they ask for dollars, when I have but cents to give," Carson wrote.

He publicly begged the forgiveness and forbearance of the business community and public. "I fully appreciate the inconvenience to the entire community experience for the want of small change to carry on business, but it is out of my power to give the relief asked for."

He then exploited his situation in detail: "As United States Depositary, I am the only disbursing officer for the whole of the State of Ohio, and a great part of Indiana; the country people and the citizens of other cities and towns to these states, have equal claims with the citizens of Cincinnati for their share of this currency."

"Every dollar received by me will be fairly distributed to the people through their servants, as above. The whole amount received by me up to the present date has been paid out, except barely sufficient to carry on the business of this office," Carson concluded.



ACCORDING TO THE legend on the face of the postage currency, these notes were to be "furnished only by the Assistant Treasurers and designated Depositories of the U.S." In Cincinnati that meant Customs Collector Enoch Carson, who could have little suspected what turmoil he would be in as a result of these small notes.



THE CONSTRUCTION of the hastily framed Act which monetized postage stamps and led to postage currency unwittingly made these notes receivable for import duties. Because they could be used to pay customs, they were legally equivalent to demand notes and specie, both of which sold at a premium. This caused hoarding of the postage currency, which itself prolonged the difficulties they were supposed to remedy.

Although Carson had somewhat diplomatically washed his hands of the mess, the problem remained. As November faded and December dawned, the small change problem was still unresolved in Cincinnati. The man on the street was reading about the increased production of postage currency, but was complaining louder and louder that he wasn't getting his share.

His pleas caught the ears of the editor of the Cincinnati Daily Enquirer. Regarding the distribution of change and the government's intention to ensure equity, the newspaper said: "It was not intended that one man should be favored more than another, and yet there are thousands of our citizens complaining that they can not be accommodated."

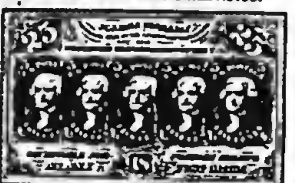
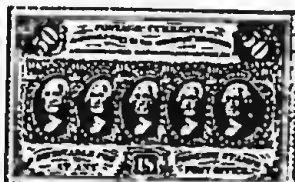
The editor then proposed a novel scheme. The simple solution, he said, was for the government to turn large quantities over to the street railroad companies in the major cities and "let them circulate it. By that means everybody would get a little, and the object of the issue would be accomplished." Since major cities at that time, like Chicago and New Orleans, were literally surviving commercially by using lottery tickets for change, his idea is not so outrageous as it might at first seem.

A month after the Cincinnati postage currency riot, the Cincinnati Daily Enquirer reported a familiar story. On Dec. 3 it asked: "There is an increasing demand for small change in this community. If [the] Government is manufacturing \$100,000 daily, would not one day's labor be of immense benefit to Cincinnati?"

The interim solution in Cincinnati, as elsewhere, continued to be private enterprise to the rescue. In the Queen City as in many other communities relief took the form of private shinplasters. These cardboard, pasteboard and paper promises to pay "were of all sizes, kinds, and conditions, from the dimensions of a coal or milk ticket to that of a tradesman's business card," a local collector, Henry Clay Ezekiel, recollected.

Many bore such "denominations" as one loaf of coal, or one loaf of bread. Most were simply gone up, printed in black ink on colored stock. A few were signed by the issuing merchant; most were not.

One particularly large emission was produced at Christmas time that year by T.P. Saunders & Co., proprietors of the city's elegant Burnet House. Their notes took the form of: "Cashier of the Burnet House: Pay



bearer Twenty-Five (or other denomination) Cents, when presented in sums of even dollars. Cincinnati, December 24, 1862. No. (filled in ink)."

In the center of the note was a picture of the hotel. Note ends were green with the denomination neatly engraved thereon, and a small green border on the sides.

Although these notes may have facilitated holiday revelers, they did not receive universal approbation. The editor of the Cincinnati Daily Enquirer, who had ably demonstrated the resourcefulness to speak out of both sides of his mouth, remonstrated: "We have before us one of a new brood of shinplasters that have recently made their appearance among us. They were hatched in a very respectable institution — one that is not in the practice of putting off on its guests any thing that is illegitimate, or not worth what is paid for it."

"The thing before us is a neat affair, about two inches wide, and four and a half inches long, of tough tissue paper — far superior in quality to that of the Government shinplasters... It does not look so bad. It is not, however, its looks that we are after; it is something of more importance."

The problem, according to the newspaperman, "is a violation of law, and subjects those who have gotten it up and issued it to criminal punishment. If it is an example," he continued, "which, if permitted to pass unnoticed, will fill every avenue of trade with swarms of worthless shinplasters, as annoying as the vermin that drives sleep and rest from the inmates of Camp Chase [an Army prison]."

"It will not do to say that the issuers are able to redeem it. If one is allowed to issue such paper, everybody can do the same. We hope an immediate stop will be put to these issues by the public action. That is about the only way the vermin can be killed," the editor speculated.

Shortage continues

On top of small change riots, large numbers of copper store cards, and encased postage stamps, such an outpouring of private small change notes five months after the postage currency was created is yet another indication of the extreme shortage of Federal fractional coins in Cincinnati.

Like its counterparts in other change-starved sections of the country, the Queen City was awash with IOUs, promises to pay, and other paper trash of uncertain origin and value. Decrying the temporary relief

they brought was simply crying "wolf" at the open, but empty chicken house door.

Another indication of the straits in which Cincinnati had fallen, is that the postage stamps rushed into circulation in great numbers in July, August and September were still passing freely in commerce.

It takes little imagination to envision what they looked like by that time. Year's end brought a call for redemption of the soiled postage stamps yet to circulation. Passed so extensively, they were certainly no longer fit for postal service, and their minimal solvability as a stop gap currency had long since passed.

About mid-December the Post Office announced postmasters would begin redeeming stamps which had not been postally used. The original plan was that sums up to \$5 would be emitted and redeemed on demand. But the dilapidated condition of most of the stamps rendered quick decisions impossible. And the general crush of individuals interested in liquidating their waste made this policy unworkable.

Reluctantly the Post Office faced up to the vast chore necessary to redeem the stamps it had sold which had then passed against its wishes into commerce. "There was a long line of people to waiting at the Post Office yesterday to redeem old stamps, according to the plan adopted by the Postmaster," the Cincinnati Daily Enquirer reported to the days before Christmas, 1862.

"A large number of the packages left on the day previous were redeemed yesterday. The Post Office officials appear to be conducting the business with commendable rapidity," the newspaper added hopefully.

However, the terms of redemption were still not widely known by the community. As the redemption program became more generally known, "longer lines of anxious persons will be seen waiting their turn, and it will be necessary to increase the present facilities for this novel branch of the Post Office business," the paper speculated, since "nearly all of our retail merchants have small stocks of dilapidated gum backs on hand."

As word filtered down, redemption lines for the soiled postage stamps strung out considerably. Postal officials adopted a "lake a number" revolving door policy for January redemptions, according to a public notice published Dec. 28.

With the recent riot still fresh in his memory, the postmaster devised a plan to cut down on traffic at his own doorstep. Only one redemption was allowed per day "per person, firm, or association." The person redeeming the soiled stamps must sort them by denomination and segregate different values to small parcels. The aggregate value claimed, along with the claimant's name and address had to be placed on the outside of the redemption envelope.

These envelopes were numbered, and a receipt bearing the same number was given to the depositor. The depositor then waited until official examination by postal workers confirmed the total sum of the deposit. When this was done the number was posted on a bulletin board at the Post Office, and the individual could claim his money.

Of course, any claim was subject to reduction for any stamps deemed by postal officials to have already served their intended postal purposes. Another stickler was that payment was to be made in postage currency or legal tender notes. The larger denomination bills were available, but the fractions weren't. So the individual could expect the odd sums in "what else? ... Of course, more postage stamps."

However, time and tide do move in the efforts of men. Within a few weeks after New Year's Day, several large shipments of additional postage currency turned the corner in Cincinnati. By mid-January quantities

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of the paper fractions were beginning to free commerce from its frozen condition, which had mirrored the state of the ice-clogged Ohio River a few blocks to the south.

On Jan. 15, 1863, the Cincinnati Daily Enquirer reported a commercial rumor under the heading "Whispered About" to the effect that the Postage Currency was "becoming abundant." "There is little or no difficulty," the Enquirer said, "in getting a dollar bill changed for a purchase amounting to only ten cents," the editor recounted jubilantly.

At the same time the newspaper urged the community to finally sweep clean the litter of private shiplasters plaguing the city. "With such an existing state of things we see no reason why the individual shiplasters, issued by almost everybody, should be tolerated in this community," the newspaper said. Then the editor added ominously: "I do not think we have heard of this violation of the law who have been guilty of this violation of

the law will be presented to the Grand Jury at an early day."

The virgin snow of winter are the sullied slush of March. By springtime 1863 the large influx of small Federal bills had quickly become the "stinking mass of paper" their critics had predicted them to be. Even Cincinnati residents were becoming sick of the postage currency that they had taken to the streets to obtain shortly before. Passed from hand to hand throughout the inclement winter season, these small bills had suffered the same fate as the stamps they had replaced. Postage currency became dirty wads to pockets and pocket-books alike.

The government knew it needed to implement a currency exchange, but it also needed a ready replacement for the notes it redeemed. After nearly a year of intractable problems supplying small change it wouldn't do to rock the boat prematurely. The Treasury Department also had the Post Office's recent headaches in removing its

postage stamps from circulation. A workable strategy was obviously necessary.

Fractional currency

The government brain trust of Salmoo P. Chase, George Boutwell and Francis E. Spinner went to work. The first plank in their program was laid by the Act of March 3, 1863. Among other things it provided for the issue of a new series of fractional currency. These replacement notes were on longer to be receivable for customs. Thus they were no longer legally equivalent to demand notes nor specie. This made them less likely to be hoarded than the postage currency had been. It also would guarantee their circulation as the least valuable money available.

Likewise the Act also pegged the new Federal fractional to a depreciated greenback (the legal tender notes, rather than the demand notes which were selling at a premium) of floating value. Both considerations would tend to keep them in circulation where they needed to remain from a monetary standpoint.

So the plan was a good one. Unfortunately,

ly, the notes were as long delayed in making an appearance as their predecessors had been. Although specimens of the new notes had already been printed by February, new circulating notes were not ready for release to the public until Oct. 10, but that eventually could not have been predicted eight months earlier. When the new fractional currency was finally released, it was done on a replacement basis, so the stock of small currency in circulation (which by then was ample) did not become redundant.

The Treasury brain trust unveiled their redemption and conversion plan April 1, 1863, in Washington. Immediately the word was flashed to disgruntled merchants and consumers alike via telegraph and newspaper exchanges.

However, official word was slow getting to the West where impatient Cincinnatians waited eagerly for a chance to rid themselves of the small bits of paper that they had taken to the streets to obtain only a few months earlier.

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On April 10, 1863, U.S. Customs Collector Carson finally received the rules for Postal Currency Redemption from his superior Francis E. Spinner, Treasurer of the United States.

Carson immediately published them. They are strikingly similar to the Post Office plan for removing circulating stamps, but are interesting enough to be recounted here:

"(1) Postage currency, not mutilated (emphasis in the original), when presented to an Assistant Treasurer, or designated Depositary of the United States, for redemption, must have been amortized by the holder, according to denominations, with the faces and upper sides in corresponding order in the package.

"(2) When presented in sufficient numbers, each package must contain one hundred pieces; it must be securely packed with a paper strap at least one inch wide, and on the strap must be written, in ink, the num-

ber of pieces, denomination, date of deposit, and the name of the owner.

"(3) The entire deposit must be securely done up in one package, and upon the wrappers, indorsed with ink, the date of deposit, the amount contained, and the name and residence of the owner.

"(4) No sum less than five dollars will be redeemed, and packages will be paid for in lawful money of the United States, in the order as in time in which they shall have been received so soon as the currency can be counted and passed upon."

In other words, the person redeeming notes needed at least 100 uncut notes of a denomination. The immediate effects of this notice were two fold: 1) People possessing notes in decent shape would not spend them; and 2) People possessing notes in poor shape could not find takers.

In one fell swoop, the government had created another administrative boondoggle. It had pulled the plug on its (finally) moderately successful plan of floating pa-

per small change in the streams of commerce. What was a person to do?

Well, federalism also had its plan for mutilated notes, which constituted the bulk of the original emission by then.

Its "Rules For Redemption of Mutilated Postage Currency" were concurrently published by Collector Carson. The instructions given Carson read:

"Fractional notes, commonly known as postage currency, can be exchanged, if not mutilated (again, the emphasis is in the original) with any Assistant Treasurer or designated Depositary of the United States, in sums not less than five dollars. (Note: the minimum requirement for non-mutilated notes was 100 notes of similar denomination, 100 X 5 cents equals \$5.)

"Defaced notes, if whole, are not considered as mutilated; one is an evidently accidental injury, not reducing the note by more than one-tenth its original size, regarded as a mutilation.

"Mutilated fractional notes will be redeemed at the Treasury of the United States, at Washington (emphasis in the original), under the following regulations, estab-

lished as necessary guards against fraud, and for the protection of the community:

"(1) Fragments of a note will not be redeemed unless it shall be clearly evident that they constitute one half or more of one original note, in which case, notes, however mutilated, will be redeemed in proportion to the whole note, reckoning by fifths.

"(2) Mutilations less than one tenth will be disregarded, unless fraudulent; but any mutilation which destroys more than one tenth the original note, will reduce the redemption value of the note by one fifth its face value.

"(3) Mutilated notes presented for redemption, must be in sums not less than three dollars of the original full face value."

Exchanges were made in United States notes and additional postage currency, which the Treasury continued to pay out until May 27. By then nearly \$20 million was outstanding.

What they used to pay out odd sums after that date before the fractional currency notes were ready that fall is not presently

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known. What is known is that anybody exchanging postage currency for United States notes or fractional currency in the fall of 1863 lost a good deal of money (more than 30 percent) on their differences in value. But that may just be at academic point. Having been hard pressed on many sides, the Cincinnatians who queued up to exchange their postage currency may not have noticed. The panic of the year before may have largely faded from their memories. Given the fickleness of public opinion, they may have been even eager to be finally rid of the notes they had once wanted so desperately.

One thing is for sure though, the small change ring of Cincinnati is a unique story not known by many, but well worth the retelling.

Credits

I would like to dedicate this article to fractional currency collectors, who are among the most avid of hobbyists. As specialists, they delight in the minutia of their numismatic interests. They also make exceptional opportunities to learn their extreme camaraderie of shared fellowship.

These collectors also have their own select organization, the Fractional Currency Collectors Board, of which I am proud to be a member. A note to Bill Friedman at 2537 Claver Road, Cleveland, Ohio 44118, will get the inquirer full information on this fine group.

Among their number, I would like to thank John and Nancy Wilson, Kevin Foley, Martin Deiger, Wally Lee, Milt Friedman, Lea Glazer, Marla Gengerke, Wayne Homero, Tom Denly and Yancy Green for past services rendered.

I would also like to thank Matt Robert, Jeff Williams and the late Herb Heindel for the opportunity to expand my own numismatic horizons. The American Numismatic Association is to be commended for helping to promote my research by awarding me a substantial grant.

WASHINGTON NOVEMBER 10, 1863
The following is a list of the names of the persons who have been named in the above article, and who are entitled to a copy of the same, if they so desire, by sending a card to the Editor of this paper, stating the name of the person named, and the name of the paper in which the article appeared.

POSTAGE CURRENCY.

NOTES.

PERSONS ARE HEREBY NOTIFIED that the following is a list of the names of the persons who have been named in the above article, and who are entitled to a copy of the same, if they so desire, by sending a card to the Editor of this paper, stating the name of the person named, and the name of the paper in which the article appeared.

THE FOLLOWING ARE THE NAMES OF THE PERSONS WHO HAVE BEEN NAMED IN THE ABOVE ARTICLE, AND WHO ARE ENTITLED TO A COPY OF THE SAME, IF THEY SO DESIRE, BY SENDING A CARD TO THE EDITOR OF THIS PAPER, STATING THE NAME OF THE PERSON NAMED, AND THE NAME OF THE PAPER IN WHICH THE ARTICLE APPEARED.

U.S. COLLECTOR OF CUSTOMS, ENOCH T. CARSON, was the Federal officer charged with distributing postage currency in Cincinnati. Evidence at his thankless job is this public notice, which reads in part: "I have not the Currency to supply the one-hundredth part of the demand."

Several others have also contributed to this article in various ways. They include Ernie Keusch, Robert Klocak, and Hank Spangenberg. Thank you all.

Fred L. Reed, Dallas, has written numerous numismatic and numismatic articles, many of them about Civil War numismatic subjects. Reed is currently working on a major book about engraving postage stamps.

Dr. Stuart Gwynn

The inventor of 'Spider-leg' paper

By Brent H. Hughes

Collectors of U.S. currency recognize the names of the men who created our present Bureau of Engraving and Printing: Salomon P. Chase, Francis E. Spinner and Spencer M. Clark. But there was another man who deserves recognition because he tried very hard to serve our government and ended up taking a beating for his efforts.

He signed his name, "S. Gwynn," associates referred to him as Dr. Stuart Gwynn, but most history books refer to him only as Dr. Gwynn of Massachusetts. His title while working for the government was "Volunteer Consulting Engineer and Chemist to the National Note Bureau" (an early name of the Bureau of Engraving and Printing), and his government career was quite an adventure.

To offset the critical shortage of coins during the Civil War emergency, Spinner devised what we now call Fractional Currency, small paper notes with denominations of less than a dollar. The first issue of this currency was called "postage currency" because the designs used included those on contemporary stamps which people were using for postage. The small notes were printed by private bank note companies in New York City and shipped to Washington, D.C. where clerks cut the notes apart prior to issue.

Security problems arose during shipping, so the Treasury Department decided to take



Perhaps as much as his Treasury bosses, Francis E. Spinner (left) and Spencer M. Clark (right), Dr. Stuart Gwynn deserved to have been immortalized on the Fractional Currency which his paper invention helped make feasible.

over the entire job of printing all U.S. paper money, a decision which naturally brought violent reactions from the powerful private companies. They launched personal attacks on the men involved at the Treasury Department, attacks which lasted for years.

Salmon P. Chase, Secretary of the Treasury, leaned heavily upon his Treasurer, Francis Spinner, and the Acting Engineer-in-Charge of the Treasury Department's Construction Bureau, Spencer Clark. The latter was ordered to hire artists to design new fractional currency, to devise the machinery to print and process them and to work out effective protection against counterfeiting.

Anti-counterfeiting measures included a search for a new paper on which U.S. paper currency could be printed and over which the government could exercise complete control.

Chase felt that such paper, combined with other features built into the designs, would offer maximum protection against counterfeiters.

Chase invited the distinguished American Academy of Sciences to help in the search for the paper. He placed ads in newspapers offering rewards to inventors who could devise special paper to meet Treasury requirements. One of those who replied was Dr. Gwynn, who sent in a detailed description of his paper along with letters of recommendation from prominent friends. Chase was much impressed and asked Gwynn to travel to Washington for an interview. In later years Dr. Gwynn recalled the events vividly.

"My business is that of a chemist, inventor and engineer; I am 46 years old; have a family of wife and five children. The homestead of my family is in Cortlandt Township, Westchester

County, N.Y. I have been in Boston a considerable portion of time since 1855, but consider N.Y. City as my residence, having a place of business there. My first correspondence with the Treasury Dept. was in June or July, 1862. It was in regard to having the Dept. adopt a new kind of paper of my invention. In October 1862 I received a telegram from the Hon. Secretary of the Treasury asking me to come to Washington immediately. I hesitated as I was busy with my inventions connected

with the answer. Gwynn designed two large steel cylinders which he had built by the firm of Pool and Hunt Engineers in Baltimore. From these cylinders they planned to run pipelines to each press. The oil would be compressed by piston plungers in the cylinders and forced through the pipes to the printing presses. If enough pressure could be applied, it would be possible to print on dry paper and cut costs considerably.

In an outside courtyard Clark erected a huge oak timber which

reached to the top of the building. On top of this timber he placed huge pulleys which led heavy wire cables through holes in the brick walls and over to the cylinders. On the other end of the wire cables Clark hung cast iron blocks weighing a hundred tons. In operation a steam engine would raise the blocks to a certain height where a trip device would release them. They then dropped a few feet until the cables stretched and transferred the pressure to the cylinders on the roof.

Needless to say, this activity caused an enormous amount of noise in the courtyard and a lot of employees in the offices became very nervous. But the supervisors knew that Clark had the firm backing of Secretary Chase and complaints were ignored.

Clark's problem was that steel technology had not advanced to the point that the cylinders could withstand the tremendous internal pressure. They burst, spraying oil in all directions. Poole and Hunt were helpless to correct the problem which Clark attributed to "bad iron."

And there were other problems. A statement by Charles Neale, Assistant Superintendent of Printing of Fractional Currency, said it best.

"I was appointed to my position Oct. 11, 1862 and was immediately sent to Philadelphia and New York to procure presses and workmen to print the fractional currency; the men to report after Nov. 1st, 1862. The roof was not on the building in the Treasury Dept. until January, 1863 and we had the presses on in March. I wanted Mr. Clark to use bank-note paper and print in the old mode in order to supply the demand; but he declined doing so. The new mode (on dry instead of dampened paper) and experiments have been going on from

that time until October last. The paper would not absorb ink and although one face might have a good impression, it was difficult to print the other side. It required two-thirds more power to do so and many presses broke. At present we have only three hydraulic presses at work and are now working about fifty ordinary presses, day and night, with about one hundred men employed."

Of course the private bank note companies had their informants inside the Treasury sending them reports of all the problems and all kinds of accusations were made in the press, most of them involving Clark and Gwynn.

Then, in December of 1863, a clerk in Spinner's office stole a large amount of money. Even though he was promptly arrested and charged and all of the money recovered, the incident gave critics just what they were looking for. They implied that Treasury employees were stealing money as fast as the presses could turn it out.

To counter all the accusations, Chase sent a note to Secretary of War Stanton on December 23, 1863 asking him to detail a detective from the War Department to look into the charges. The detective sent by Stanton turned out to be the notorious Lafayette Baker, a rather mysterious operator who somehow managed to get himself involved in everything that was happening in the chaos of wartime Washington. It was like sending the fox to check on the chickens and Baker went to work with a vengeance.

His first report to Chase indicated that the Secretary's fears were well-founded. Baker said that he was finding evidence of wrongdoing all over the place. The startled Chase quickly ordered the Solicitor of the Treasury to conduct an inquiry with top priority. The eccentric Baker had on intention of taking orders from the Solicitor and began to dream up more charges to confuse the issue. He soon alleged that Clark and Gwynn were conspiring to defraud the government.

While Dr. Gwynn was working in the basement one day, the wily Baker broke into Gwynn's living quarters in the building and seized all of his personal papers. After going through them he claimed that he had found proof of fraud, placed

Gwynn under arrest and threw him into a damp cell in Old Capitol Prison. The Solicitor and Chase were appalled at these actions but the wily Baker assured them that a full confession by Dr. Gwynn would arrive shortly.

The Secretary, who was completely taken in by Baker, signed a commitment order on Gwynn on January 7, 1864 and temporarily suspended Clark until the matter could be resolved. But Baker kept delaying matters and finally Chase became suspicious of his behavior. He sat down at his desk and carefully examined the papers seized from Dr. Gwynn and found nothing to support Baker's allegations. He then told the Solicitor to visit Dr. Gwynn in his cell and get the truth.

Gwynn was peeing his cell, outraged at the treatment he had received. The Solicitor realized that both he and Chase had been duped by Baker and on February 5, 1864 both Gwynn and Spencer Clark were reinstated.

Clark apparently went right back to work on his beloved projects, but Dr. Gwynn was still angry. He packed his belongings and moved to a boarding house. From there he conducted his business by mail and messenger. He never entered the Treasury building again. Every night he sat in his room writing letters to his friends telling them about Baker and how the so-called detective was kicking people around.

Chase was also outraged and began to make some inquiries. It

had suffered at the hands of Mr. Baker and were delighted to take part in settling the score. The infamous "detective" now found professional investigators looking into his past and watching his every move. Ever Stanton began to avoid him.

It was a Select Committee of Congress, however, headed by James A. Garfield, that did Baker in. The committee announced that the charges against Clark and Dr. Gwynn were trumped up and that their investigation had revealed that "the detective and his alleged girl friend were tools of the commercial interests."

The committee did not name the commercial interests but all of Washington knew that Baker's employers were the big private bank note companies and their lobbyists on Capitol Hill. There were many articles written about Lafayette Baker and his career is a story in itself.

Sometime during all this activity, the disgraced Dr. Gwynn returned to his family and friends in New York and Boston. He had had his fill of government service. So far as we know he lived out his days quietly.

At least one good thing came of all the experimentation, though.

Today's collectors have lots of the notes to study and enjoy. Many scholars specialize in the Second Issue notes on which Clark applied bronze powder in ovals around the portraits. This powder made it impossible to copy the notes photographically because the film then available saw the bronze powder as black. Many of the experimental notes survive today and on the infrequent occasions when examples appear on the numismatic market, they invariably bring high prices. Dr. Gwynn's legacy obviously lives on.